



# ANNUAL REPORT

2018 - 2019



# Capital Markets Authority

Protecting Your Investments



## Vision:

To establish Uganda's capital market as the most efficient and trusted center for attracting and providing capital in Africa



## Mission:

To foster a transparent, accessible and effective capital market in Uganda



## Core Values:

- **Integrity:** We act ethically and work in the public interest, treating people fairly and honestly
- **Teamwork:** We support and promote collaboration among the CMA team and with external stakeholders
- **Accountability:** We strive to live up to the aspirations of our mission so as to deliver quality services and promote the best interest of our stakeholders
- **Excellence:** We strive to pursue and deliver the highest quality of service to our stakeholders

## CORPORATE INFORMATION



**Profile:** The Capital Markets Authority (CMA) is a semi-autonomous body that was established in 1996, by the CMA Act, Cap 84. The Authority is responsible for promoting, developing and regulating the capital markets industry in Uganda, with the overall objectives of investor protection and market efficiency.

The Authority reports and accounts to Government through the Ministry of Finance, Planning and Economic Development. CMA plays a significant role in regional and international cooperation and is a member of the East African Securities Regulatory Authorities (EASRA) and the International Organisation of Securities Commissions (IOSCO).

### Functions of the Authority

The CMA Act prescribes the following as the functions of the Authority:

1. To approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum;
2. To develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for long term investments in productive enterprise;
3. To create, maintain and regulate, through implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner;
4. To cooperate with, provide information to, conduct any investigation or inquiry for, or

otherwise assist any foreign regulatory authority in the performance of its duties;

5. To implement regional and international standards and best practice in securities markets, securities regulation and supervision;
6. To protect investor interests; and
7. To operate the Investor Compensation Fund established by section 81.

### CMA executes its legal mandate with the following objectives:

1. Promoting confidence in the capital markets
2. Ensuring honesty and transparency in capital markets transactions
3. Carrying out investor education
4. Protecting investors; and
5. Reducing systemic risk

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# LETTER OF TRANSMISSION

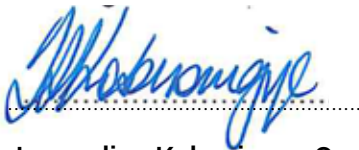
30 November 2019

**The Honourable Minister of Finance, Planning and Economic Development**  
**Ministry of Finance, Planning and Economic Development**  
**Apollo Kaggwa Road**  
**P.O. Box 8147, Kampala.**

Dear Honourable Minister,  
Pursuant to Section 8 (6) of the Reprint of the Capital Markets Authority Act CAP. 84, I have the honour to submit to you the annual performance report and financial statements of the Capital Markets Authority in respect of the accounting period ended 30 June 2019.

The report also covers major activities, challenges and plans of the Authority.

Respectfully yours,



**Jacqueline Kobusingye Opondo**  
Board Chairperson

## CHAIRPERSON'S STATEMENT



**Jacqueline Kobusingye Opondo**  
Board Chairperson

The financial year 2018/19 marked our third year of implementing the five-year Strategic Plan 2016/17 – 2020/21. The key objectives of this strategy are;

- Facilitating and Promoting the Development of the Market,
- Ensuring the Markets operate efficiently with Integrity, and;
- Strengthening CMA's Institutional Capacity to deliver on its mandate.

During the year under review, we set out to attain certain milestones under each objective as highlighted in the activity reports that follow, which I invite you all to read and share your thoughts with us on how best we can grow and regulate our capital market.

The Board continuously guided management in executing their duties, ensuring that we remain an oversight organ and to this extent, I wish to thank my fellow directors, the management team and all staff members for their commitment and contribution towards implementing the 2018/19 workplan activities. This workplan, while derived from the strategic plan is also a reflection of the recommendations of the ten-year Capital Markets Development Master Plan (CMDMP) which was launched by H. E the President in June 2017. The CMDMP is an industry blue print which seeks to position Uganda's capital markets within the frontier market category of the Morgan Stanley Capital International index for equities.

During the period under review, we ensured that our strategic plan was aligned to the National Development Plans and the National Resistance Movement manifesto in order to contribute to the overall economic development and transformation of our country.

Additionally, the Board provided oversight over key regulatory functions including licensing, investigations and enforcement. These are areas in which we are continuously learning and improving, considering the fast-paced financial sector developments coupled with technological advancements. The Authority welcomes these innovations but will continue to be very vigilant to ensure that investors are protected at all times.

Financial and risk management is also a key area that we focused on. During the period under review, the Board reviewed the quarterly risk assessment reports and made recommendations for management to address. Quarterly audits were also undertaken and I am glad to report that a significant percentage of the findings have since been addressed.

Together with our stakeholders, we have made tremendous strides in our regulatory role and I wish to acknowledge the support of the Ministry of Finance, Planning and Economic Development in ensuring that the Authority's budget is funded; that our policy proposals are progressed through to the next levels of implementation and for

the general guidance we continue to receive from the Honourable Ministers and the technical teams led by the Permanent Secretary/ Secretary to Treasury.

Our major challenge remains the lack of vibrancy in the market and this can be attributed to several challenges, among which is the limited number of issuers on our stock exchanges. Whereas our public education strategy has focused on engaging private businesses to consider taking on market based financing as opposed to relying solely on bank financing, we have also made a deliberate shift to educate the general public about investment in unit trusts or collective investment schemes. Focusing on unit trusts as a form of saving and investment for Ugandan

savers is expected to not only improve the country's level of savings but also provide an avenue for capital preservation for investors with disposable income.

In conclusion, I call upon the general public to take a step towards investing in the capital markets so that together, we can build wealth for our country, ourselves and the generations thereafter. I also urge the private sector to embrace the alternative capital raising options available in our capital market and assure you of our commitment to facilitate these processes fairly, transparently and efficiently.



**Jacqueline Kobusingye  
Opondo  
BOARD CHAIRPERSON**

## CEO'S REVIEW



**Keith Kalyegira**  
Chief Executive Officer

During the FY 2018/19, Uganda's economic growth stood at 6.1%, up from 5.8% in the previous year. According to the Ministry of Finance, Planning and Economic Development (MoFPED), this was mainly driven by the strong performance in the services sector (7.5%), industry sector (5.8%) and the agricultural sector (3.8%). The ratio of private sector credit to GDP also grew from 13.97% in the previous FY to 14.5% in FY 2018/19. These and other achievements can be attributed to the increase in economic activity and overall macro-economic stability.

During this period, annual average inflation was 3.1% and the Uganda Shilling appreciated by 1.7% against the USD, a sign of the continued stability of the Uganda Shilling as a store of value.

CMA continued to implement various interventions to develop and enhance efficiency in Uganda's capital markets. Working closely with other stakeholders in Government and the private sector, there were several steps taken towards improving secondary trading of Government securities. It is expected that these and other proposals in the Financial Sector

Development Strategy that is being developed will go a long way in driving growth across the entire financial sector in order to boost economic development.

The Cabinet approval of the National Broadband Policy, which among other things introduced listing on a stock exchange in Uganda as a condition for license renewal for telecommunications operators was a key milestone for the industry. The listing of telecom companies will be vital in addressing the challenge of limited issuances of securities by private companies, but could also be a precursor for Uganda's attainment of frontier market status as envisioned by the Capital Markets Development Master Plan (CMDMP), given that telecoms are some of the biggest companies in Uganda.

### Market Activity

Increased uptake of market based financing, especially by local companies remains a key priority for us as a sector. In August 2018, pharmaceutical company, CIPLA Quality Chemicals Limited (CIPLA QCL) conducted an initial public offering (IPO) for the sale of 657 million shares, representing 18%

of the company's shares at a price of Ugx 256.50 per share. 98.8% of the offer was subscribed to by both retail and institutional investors. The company raised Ugx 166.6 billion and was listed on the Uganda Securities Exchange (USE) on 17<sup>th</sup> September 2018. CIPLA QCIL became the ninth domestic company to be listed on the USE.

During the financial year, total Assets under Management (AUM) by the CMA licensed fund managers grew by 13.9% from Ugx 2.6 trillion at the end of FY 2017/18 to Ugx 2.96 trillion. During this period, assets managed by fund managers of Collective Investment Schemes (CIS) also grew by 11.5% from Ugx 155.5 billion in 2017/18 to Ugx 173.5 billion.

The growth in funds can be attributed to the awareness programmes that were implemented by CMA through its investor resource persons programme and the fund managers. It is worth noting that over the last six years, the AUM by CIS managers has risen by 90.4% on an annualized basis from Ugx 3.6 billion at the end of the financial year 2013/14 to Ugx 173.5 billion at the end of 2018/19, and continue to grow.

## Market Development and Regulation

The Authority continued to conduct public education activities targeting potential issuers and investors. Our initiative to deploy resource persons to conduct the sensitization enabled us to reach a total of 10,781 potential investors through 402 face-to-face engagements; and twenty growth companies with potential to access market based financing, which also included private equity. A total of four knowledge sharing forums were held with CIS managers. These fora provide a platform for CMA to disseminate research findings and recommendations on how to grow the CIS business, and for the regulator to receive feedback from industry players.

Working closely with implementing organizations, the Authority continued with the implementation of the ten-year CMDMP. A fundamental piece of the implementation of this plan is regular stakeholder engagement. During the period, we engaged stakeholders from the telecommunications, energy, financial services and manufacturing sectors to provide support where necessary and for monitoring and evaluation purposes. A review of the plan is scheduled to commence during the next financial year with the aim of realigning the recommendations and actions against the national development strategies and plans, and considering what has been achieved over the past two years of implementation.

The review of our regulatory framework is one of the key activities under the CMDMP. During the period, the Authority consolidated the two amendments to the CMA Act into one volume – The Reprint of the CMA Act. Subsequently, we embarked on the review of specific regulations including the Prospectus

Regulations, Corporate Bond Guidelines, and Licensing Regulations. The review of these regulations is aimed at providing further clarity and ensuring that the framework serves the needs of an increasingly innovative and technologically driven market.

During the period under review, the Authority issued new licenses and renewed existing ones for the various intermediaries. A total of 52 licenses including broker, dealer, fund manager, unit trust manager and scheme, were renewed. However, one brokerage firm elected not to renew its operating license and ceased business.

To ensure order in the market, the Authority conducted onsite and offsite inspections during the year. Out of the 2018/19 risk profiling process which targeted brokers, fund managers, unit trust schemes, exchanges and securities central depositories, nine onsite inspections were undertaken, resulting into one successful investigation and enforcement action.

To strengthen our investigation and enforcement apparatus, the Authority, embarked on a deliberate effort to build the capacity of the Uganda Police Force (UPF) and the office of the Director for Public Prosecutions (DPP). The UPF is critical in the investigation process while the DPP's office is responsible for the prosecution of offences under the CMA Act. Thus, during the year, CMA trained over 300 officers from both institutions. The training aimed to equip officers with basic knowledge of capital markets operations, the legal framework and the offences therein as well as general challenges faced in the enforcement of our laws.

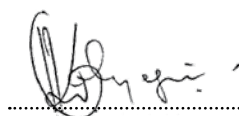
CMA supported various regional integration efforts and participated in several regional capital markets development initiatives spearheaded by the East African

Community (EAC). Among these was the development of the EAC Financial Education Strategy. The strategy will guide the implementation of financial education across the region and is expected to be launched during the next financial year.

CMA also engaged at the international level through our membership with the International Organization of Securities Commission, mainly as a staff and institutional capacity building measure. The Authority is represented on the Listings Sub-Committee of the Commission, whose main objective is to address the challenges that hinder listings in the Africa and Middle East regions.

I wish to thank Government and specifically the MoFPED and BoU for their continued support towards facilitating capital markets development and funding of the Authority's budget. Whereas our revenue for the FY 2018/19 reduced by Ugx 200 million compared to that of the previous year as a result of the reduction in funding by the Central Bank of the same amount, we were able to implement up to 82% of our workplan. This was partly made possible by the additional financial and technical support from the Financial Sector Deepening Africa, especially towards the implementation of the Master Plan.

I extend my sincere gratitude to the Board of Directors for the strategic leadership and counsel provided throughout the year. I also thank Management and staff for their commitment towards achievement of the organizational objectives. I look forward to a great year ahead and invite you all to read the detailed reports herein.



**Keith Kalyegira**  
**CHIEF EXECUTIVE OFFICER**

## BOARD OF DIRECTORS



**Jacqueline Kobusingye Opondo**  
Board Chairperson/Represents  
Institute of Certified Public  
Accounts of Uganda



**Bemanya Twebaze**  
Registrar General



**Saul Sseremba**  
Represents  
Uganda Insurance Institute



**Nelson Nerima**  
Represents  
Uganda Law Society



**Joselyn Kateeba**  
Represents Uganda  
Manufacturers Association



**Irene Lugayizi**  
Represents the  
Solicitor General



**Joseph Enyimu**  
Represents the Permanent  
Secretary/Secretary to the  
Treasury - Ministry of Finance,  
Planning & Economic Development



**Mr. David Sajjabi**  
Represents the Governor  
Bank of Uganda



**Fabian Kasi**  
Represents the Uganda  
Bankers Association



**Donald Nyakairu**  
Represents the Uganda  
National Chamber of Commerce  
and Industry



**Keith Kalyegira**  
Chief Executive Officer



# CORPORATE GOVERNANCE

The Authority is committed to the highest level of corporate governance and conducts its business in line with the principles and best practices of good corporate governance.

### Board Composition

The Board of Directors is comprised of eleven members. Five members are ex-officio, by virtue of their public offices while six represent private sector interests. The roles of Chairman and Chief Executive Officer (CEO) are distinct. With the exception of the CEO, all members of the Board are Non-Executive Directors. The Board is assisted in its work by Committees which deliberate on matters before they are presented to the Board. **Table 1** indicates the list of Board Members as at 30 June 2019 and the Committees to which they belong:

**Table 1:** List of Board Members and the Committees they belong to as at 30 June 2019

No.	Name	Board Committee			
		LRAC	RMDC	ARMC	FHRC
1.	Ms. Jacqueline Kobusingye Opondo	N/A	N/A	N/A	N/A
2.	Mr. Saul Sseremba			Member	Chairman
3.	Mr. Joseph Enyimu		Chairman		Member
4.	Ms. Joselyn Kateeba	Member	Member		
5.	Mr. Fabian Kasi			Chairman	Member
6.	Mr. David Sajjabi		Member		Member
7.	Mr. Bemanya Twebaze	Member		Member	
8.	Ms. Irene Lugayizi	Member			Member
9.	Mr. Nelson Nerima	Chairman	Member		
10.	Mr. Keith Kalyegira	Member	Member	Member	Member

### KEY

**LRAC:** Legal & Regulatory Affairs Committee

**RMDC:** Research & Market Development Committee

**ARMC:** Audit & Risk Management Committee

**FHRC:** Finance, Human Resources & Administration Committee

### Appointment of the Board of Directors

The Board of Directors is appointed by the Minister of Finance, Planning and Economic Development. The Board Chairperson is specifically appointed from among the members by the Minister as provided for in Section 22 E (2) of the CMA Act. Board members are persons of high moral character; with experience and expertise in various fields such as law, finance, business, accounting, economics, investment, banking and administration.

Upon joining the Board, members are inducted and taken on an industry study tour to help them appreciate the entire capital markets industry.

In November 2018, the Minister appointed Mr. David Sajjabi to represent the Governor, Bank of Uganda. This followed the resignation of Mr. Steven Mulema from the Central Bank and consequently the CMA Board. Mr. Donald Nyakairu who represented the Uganda National Chamber of Commerce and Industry also resigned from the Board in March 2019. We thank Mr. Mulema and Mr. Nyakairu for their contribution to the Board and welcome Mr. Sajjabi.

### Board Meetings

A Board calendar is in place and the Board meets at least once every three months to carry on the business of the Authority. However, the Board Committees meet from time to time, depending on the urgency and volume of business, to deliberate on the various reports before they are presented to the full Board. During the year under review, the Board met four times. **Table 2** shows the number of Board meetings and Committee meetings attended by each member during the year:

**Table 2:** Record of attendance

	<b>Board Member</b>	<b>Board meeting</b>	<b>LRAC</b>	<b>RMD</b>	<b>ARMC</b>	<b>FHRC</b>
1.	Ms. Jacqueline Kobusingye Opondo	4/4				
2.	Mr. Saul Sseremba	3/4				4/4
3.	Mr. Joseph Enyimu	4/4		1/1		2/4
4.	Ms. Joselyn Kateeba	2/4	4/6	0/1		
5.	Mr. Fabian Kasi	0/4			1/3	3/4
6.	Mr. David Sajjabi	2/4		1/1		
7.	Mr. Bemanya Twebaze	0/4			1/3	
8.	Ms. Irene Lugayizi	4/4	5/6			3/4
9.	Mr. Nelson Nerima	4/4	6/6	0/1		
10.	Mr. Donald Nyakairu	1/4	2/6		3/3	
11.	Mr. Keith Kalyegira	4/4	6/6	1/1	3/3	4/4

### The Board Secretary

The Board Secretary (Director, Legal and Board Affairs), is responsible for the administration of the Board proceedings, the provision of administrative and secretarial services as well as legal advice to the Board. The Chairperson and the Board Secretary ensure that the agenda of the Board is in tandem with CMA's priorities. During the period under review, the Board Secretary worked closely with the Chairperson to ensure meetings were well organised and records well kept.

### The Board Manual

To guide the operations of the Board, there exists a Board Manual. All Board Members must adhere to good corporate governance standards as prescribed in the manual. Instances of conflict of interest are addressed through disclosure whenever cases arise, particularly so at the beginning of each meeting. The Board also adheres to the Conflict of Interest Guidelines which apply to both the Board and staff members. The Conflict of Interest Guidelines mainly apply to declaration of directorships in companies and trading in the securities market.

### Board Training

The work of the Board is to generally provide oversight over our activities. However, this also calls for a good understanding of the nature of operations of the regulator. Therefore continuous training and exposure is a very vital ingredient to ensuring effectiveness of the Board. During the year under review, Board members received continuous development and exposure on issues that are pertinent to capital markets regulation and development such as corporate governance, market development and securities regulation. This was done through their attendance of conferences, workshops and seminars both within the country and overseas.

### Remuneration of the Board

The members of the Board are entitled to remuneration and allowances out of the general fund of the Authority, as determined by the Minister of Finance, Planning and Economic Development. **Table 3** provides a summary of the current Board allowance structure.

**Table 3:** Structure of Board Remuneration

<b>Position</b>	<b>Monthly Retainer (UGX)</b>	<b>Sitting Allowance (UGX)</b>
Chairman	1,000,000	300,000
Member	850,000	250,000

## **Board Committees**

All the Committees are governed by terms of reference developed by the Board and are mandated to make recommendations to the Board on all matters under their consideration. The function and structure of the Committees for the period under review are described below. In terms of composition, the Committees comprise Board Members with pertinent expertise in the various areas in order to maximize technical capability at the Committee level, where issues are dealt with in depth. The quorum for each Committee is at least half of the appointed Members. Each Committee determines its own procedures and are guided by the terms of reference stipulated in the Board Manual.

### **a) Legal & Regulatory Affairs Committee**

The Legal & Regulatory Affairs Committee (LRAC) oversees the development of an appropriate legal and regulatory framework for the capital markets industry. The Committee also oversees the implementation and enforcement of compliance matters by the Authority. The LRAC held a total of seven meetings during the year to consider among other things, new licences; a corporate action; securities exchange rules among others.

### **b) The Finance, Human Resources & Administration Committee**

The Committee is responsible for guiding the Board on policy matters relating to finance, human resources and administration. It also reviews and recommends to the Board matters related to the Authority's human resources policies and any amendments thereto intended to attract, develop and retain qualified and high performing talent for achievement of the Authority's strategic objectives. During the period under review, the committee considered various issues including recruitments, financial reports and other matters.

### **c) The Audit & Risk Management Committee**

The Audit and Risk Management Committee plays a critical role in the corporate governance structure by overseeing internal controls, accountability, reporting structures and risk management. This committee held two meetings during the period to consider the audited financial statements for the year ended 30 June 2018, the internal audit work plan and the internal audit quarterly reports. The Committee also considered the CMA risk management quarterly reports.

### **d) Research & Market Development Committee**

The role of the Research and Market Development Committee is to assist management and the Board in the formulation of policies that are geared towards conducting effective research that translates into market development activity. This includes review of policy papers, research notes and papers; review of public education proposals, etc.



STRATEGIC OBJECTIVE ONE:

**FACILITATE AND PROMOTE THE  
DEVELOPMENT OF CAPITAL  
MARKETS**

## 1. Capital Markets Awareness

### • Development of a public education strategy

Following the successful development and ongoing implementation of a communication strategy, the Authority sought to develop a comprehensive public education strategy which addresses both investor and issuer education needs. Consequently, a strategy was developed and implemented during the year. The strategy focuses on enhancing investor participation in capital markets through investment in unit trusts. The need to focus on unit trusts was largely informed by the insufficient and inconsistent supply of pure debt and equity securities as highlighted in the Master Plan, as well as the fact that most retail investors tend to start with relatively smaller savings as they make their entry into the securities markets. It is worth noting that some of the initiatives within the CMA public education strategy were also carried into the EAC financial education strategy to ensure proper alignment during execution. The draft EAC strategy while complete is yet to be launched.

### • Sensitization of potential investors and issuers

During the period under review, CMA continued to employ external resource persons to reach out to potential investors in the capital markets, with specific attention being given to investment through unit trust schemes. The resource persons deliver face to face presentations to organised groups of people with disposable income, and normally move along with a broker or unit trust manager to facilitate instant SCD/unit trust account opening. During the year, a total of 10,781 potential investors were reached through 402 face to face engagements. Contact details of the individuals were obtained and consent sought to forward their names to licensed brokers and unit trust managers for follow-up purposes. This effort is expected to boost the number of SCD accounts at the exchange, and increase investor participation in unit trust schemes.

CMA is cognizant of the fact that as more investors get attracted to the capital markets, it is important that the supply of securities is also addressed. To this end, a similar approach was applied, and a total of fourteen resource persons with experience in various fields including financial services and law were recruited to reach out to directors and founders of companies whose potential to raise market based financing has been assessed. During the year under review, a total of twenty companies were reached.

### • Capital Markets Week

CMA held the second Capital Markets Week in May 2019. The main aim of the event was to increase awareness and understanding of capital markets among the different target groups, and to eventually drive market activity through increased investor participation. A number of activities including presentations to professional groups, as well as a media dialogue focusing on unit trust investments in Uganda were held during the week. The week was crowned with a public open day which took place at the Constitutional Square in Kampala on 10<sup>th</sup> May 2019.

Hundreds of people visited the different stalls manned by market intermediaries during the open day and were sensitized on saving and investing in the capital markets. During the open day, 72 SCD accounts and ten unit trust accounts were opened. CMA intends to hold the Capital Markets Week annually.

### • Social Media Engagement

The Authority relies on social media to increase interaction with its audiences and ensure increased publication of information to various stakeholders. Currently, CMA has presence on four social media channels namely; Twitter, LinkedIn, Facebook and Youtube. Following the recommendations from the Communications Strategy, CMA enhanced its presence on Twitter where majority of the key stakeholders are. During the period, the page received 44,296 impressions from 46 tweets. There were 162 new followers, bringing the total number of followers to 3,923. Overall, CMA's online visibility has improved and its online audience continued to grow.

- **Research and Knowledge sharing**

The Authority placed special focus on the growth of the unit trust schemes, which we believe has immense potential to transform the financial markets investment landscape. During the period under review, four knowledge sharing fora were held between CMA and unit trust managers. The objective of the fora was to influence thinking, address bottlenecks to growth and share knowledge and best practices on what can be done to increase uptake of unit trust products. Additionally, a survey among unit trust managers was undertaken with the aim of assessing the characteristics and size of the unit trust scheme industry; assessing the factors affecting its growth and the challenges faced by the unit trust managers. The survey revealed that the largest percentage of funds under management was invested through the umbrella fund and that local individual investors held 82% of the assets under management. Key among the challenges was the low demand for unit trust products and limited distribution channels. Respondents also noted that the major challenge when investing in unit trusts was the lack of new listings. The survey also highlighted several recommendations that will help spur growth of the sector. These included the need to improve public education efforts, increase publication of information about unit trusts including publication of daily prices, review of the cost and fees structures as well as legal and regulatory reviews. The survey report was launched in the presence of the media and the Authority is following up with players to ensure the recommendations are implemented.

## **2. Implementation of the Capital Markets Development Master Plan**

- **Master Plan Recommendations**

Implementation of the various recommendations in the Capital Markets Development Master Plan (CMDMP) continued during the period under review. Various activities were commenced while others concluded. Among the activities concluded was the introduction of mandatory listing provisions for telecom operators in the National Broadband Policy; undertaking of a survey among debt issuers to identify the challenges they encountered; a study on Corporate Bond Guidelines and recommendations to provide for infrastructure bonds and tiered offerings; Training of market intermediaries to enhance their capacity; a roadmap to attainment of frontier market status, among others.

It is worth noting that the Authority, with support from Financial Sector Deepening Africa is planning to undertake a scheduled review of the plan to further align it with the recent developments in the financial sector.

- **Stakeholder Engagement**

The Authority conducted a stakeholder mapping exercise to identify its most important stakeholders and develop an engagement plan. The CMDMP is a key guide for our main stakeholders as many of the recommendations and actions therein have to be implemented by other organizations other than CMA. These include stakeholders in Government, the private sector and within the capital markets industry locally, regionally and internationally.

During the period under review, various engagements were held with regulators and key players in the energy and telecommunications sector. The Authority also engaged Government ministries including the Ministry of Trade, Industry and Cooperatives, Ministry of Information, Technology and National Guidance and the Ministry of Energy in an attempt to ensure implementation of the Master Plan activities.

The Ministry of Finance played a critical role as a key stakeholder in driving capital markets policy, as well as addressing funding and other needs of the Authority.

## Market Activity

### 1 Equity Markets

#### 1.1 Primary Market Activity at the Uganda Securities Exchange

The Initial Public Offering for Cipla Quality Chemical Industries opened on 14<sup>th</sup> August 2018 and closed on 28<sup>th</sup> August 2018. The drug manufacturer offered 657.18 million shares at a price of Ugx 256.5 per share. The offer subscription level stood at 98.8%, with a total of Ugx 166.6 billion being raised. The company was listed on the Uganda Securities Exchange (USE) on 17<sup>th</sup> Sept 2018 and the counter ended the financial year 2018/19 at a price of Ugx 160 representing a 37.6% drop from the offer price and market capitalization of Ugx 584.3 billion from Ugx 956.8 billion at the time of listing.

#### 1.2 Secondary Market Activity at the Uganda Securities Exchange

Equity turnover at the USE fell by 37.6% in the financial year 2018/19 to Ugx 46.9 billion, from Ugx 75.2 billion registered in the previous financial year. Average turnover per session dropped to Ugx 185.6 million per session in 2018/19, from Ugx 312.8 million recorded in 2017/18. Share volume also trended downwards to 795 million shares in the financial year 2018/19, compared to 922 million shares in the previous financial year, representing a drop of 13.7%. The drop in turnover was partly due to global policy uncertainty and trade wars that saw offshore investors who account for over 70% of turnover at the USE disengage from emerging and frontier markets. Additionally, the low activity registered on counters such as UMEME due to the uncertainty on its contract renewal with government of Uganda and negative sentiment on Cipla QCIL also further dampened the market activity.

**Table 1:** Secondary Market Activity Indicators

	2018/19	2017/18	Change %
Equity Turnover (Ugx, Billion)	46.9	75.2	-37.63
Average Turnover per session (Ugx, Million)	185.6	312.8	-40.67
Share Volume (Million)	795	922	-13.76

**Source:** USE Market Reports

A breakdown of equity turnover at the USE during the financial year 2018/19 by broker indicates that Crested Capital traded the highest equity value, accounting for 58.4% of the total equity turnover. The top two trading members of the USE accounted for 81.9% of the total equity turnover during the financial year, reflecting a high degree of market concentration.

**Table 2:** Equity Turnover by Broker

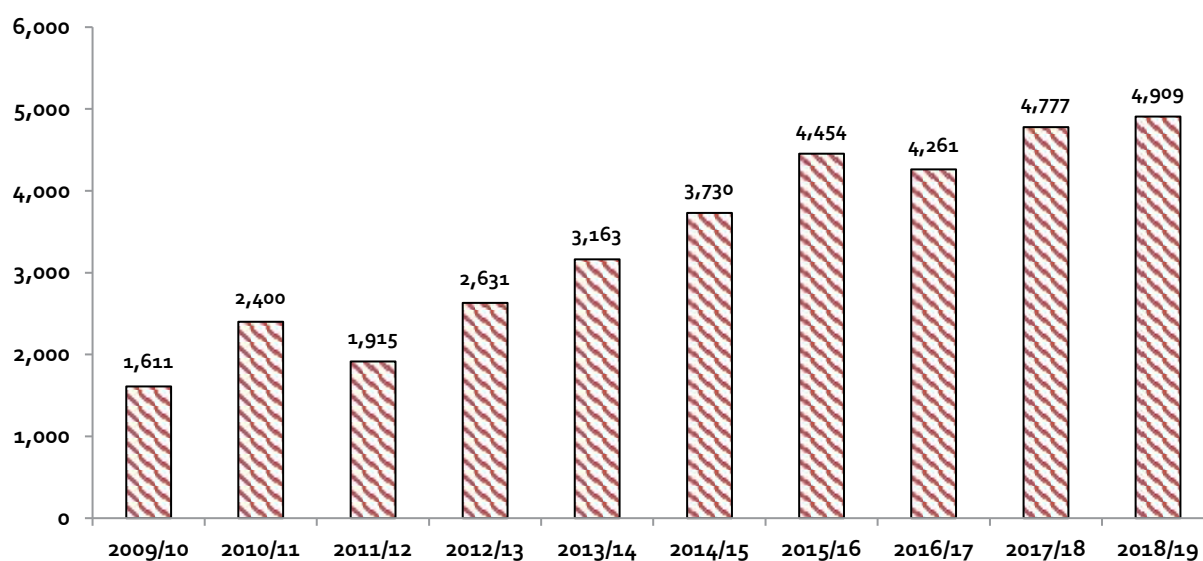
Broker	Equity Turnover (Ugx, Billion)	(%)
Crested Capital	54.7	58.41
Standard Bank Group Securities Limited	22	23.52
Baroda Capital Markets (U) Ltd	5.7	6.1
African Alliance (Uganda) Ltd	4.9	5.28
UAP Financial Services Ltd	3.1	3.3
Equity Stock Brokers	1.9	2.11
Dyer & Blair Uganda Ltd	1.2	1.28
<b>Total</b>	<b>93.73</b>	<b>100</b>

**Source:** Uganda Securities Exchange

### 1.3 Market Capitalization and Index Levels

Total market capitalization fell by 20.7% to Ugx 22.7 trillion at the close of the review period from Ugx 28.56 trillion reported at the close of 2017/18. The USE All Share Index (ALSI) was down 22.7% to close the financial year 2018/19 at 1,614.82 points from 2,089.41 points reported at the close of the previous financial year. Domestic market capitalization closed higher at Ugx 4.91 trillion, representing a gain of 2.8%, from Ugx 4.8 trillion. The increase in domestic market capitalization can be attributed to the listing of Cipla Quality Chemicals (CQCIL). The USE Local Counter Index fell by 9.5% closing the financial year 2018/19 at 375.9 index points from 415.37 index points previously. This was mainly due to share prices losses registered on local listed counters DFCU (30.93%), UCL (29.58%), NIC (27.78%), NVL (26.67%), BOBU (14.18%) and SBU (9.38%).

**Figure 1:** Trend in Domestic Market capitalization, 2009/10 - 2018/19 (Ugx, Billion)



**Source:** Uganda Securities Exchange

### 1.4 Market Activity at Altx East Africa Limited

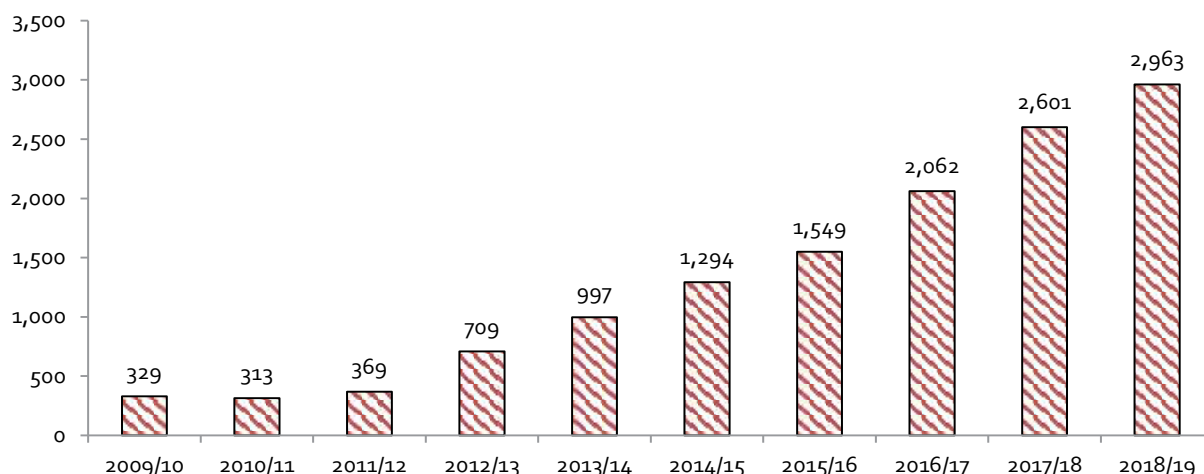
During the period, trading volume at Altx East Africa Limited (ALTX) was Ugx 857.4 million. The total number of deals executed was 513. Market Turnover recorded was Ugx 841.9 million and total market capitalization stood at Ugx 998.7 million at the end of June 2019.

## 2. Fund Management

The total Assets under Management (AUM) by fund managers licensed by Capital Market Authority (CMA) stood at Ugx 2.9 trillion as at the end of the financial year 2018/19. This was a growth of 13.9% from Ugx 2.6 trillion at the end of the financial year 2017/18. The increase in AUM can be credited to the rise in value of the assets held, mainly government securities and also recruitment of new members by due to increased public awareness.

Over the last ten years, the AUM has risen by 24.6% on an annualized basis from Ugx 0.33 trillion at the end of the financial year 2009/10 to Ugx 2.9 trillion at the end of 2018/19.

**Figure 2:** Trends in Assets under Management, 2009/10 - 2018/19 (Ugx, Billion)



**Source:** CMA Report

At the end of the financial year, Sanlam Investment East Africa had the highest AUM, managing 47.7% of the total AUM in the industry. The top three fund managers controlled 82.7% of the total funds under management.

**Table 3:** Assets under Management per Fund Manager

No	Fund Manager	AUM (Ugx, Billion)	(%)
1	Sanlam Investments EA	1,324.8	44.70
2	Gen Africa	729.9	24.63
3	Stanlib Uganda Limited	397.3	13.41
4	UAP Financial Services	246.8	8.33
5	Britam Asset Managers	153.7	5.19
6	ICEA Investment Services	114.3	3.86
	<b>Total</b>	<b>2,963.8</b>	<b>100</b>

**Source:** CMA Report

A breakdown of AUM by asset class indicates that, investment in government bonds took up 64.3% of the total AUM.

**Table 4:** Asset Allocation

Asset	(%)
Government Bonds	64.3
Equities	15.07
Treasury Bills	10.5
Fixed Deposits	7.29
Cash	0.97
Collective Investment Schemes	0.68
Real Estate	0.55
Corporate Bonds	0.52
Other investments (foreign currency)	0.06
Unquoted Equities	0.06
Off-shore Investments	0.01
<b>Total</b>	<b>100</b>

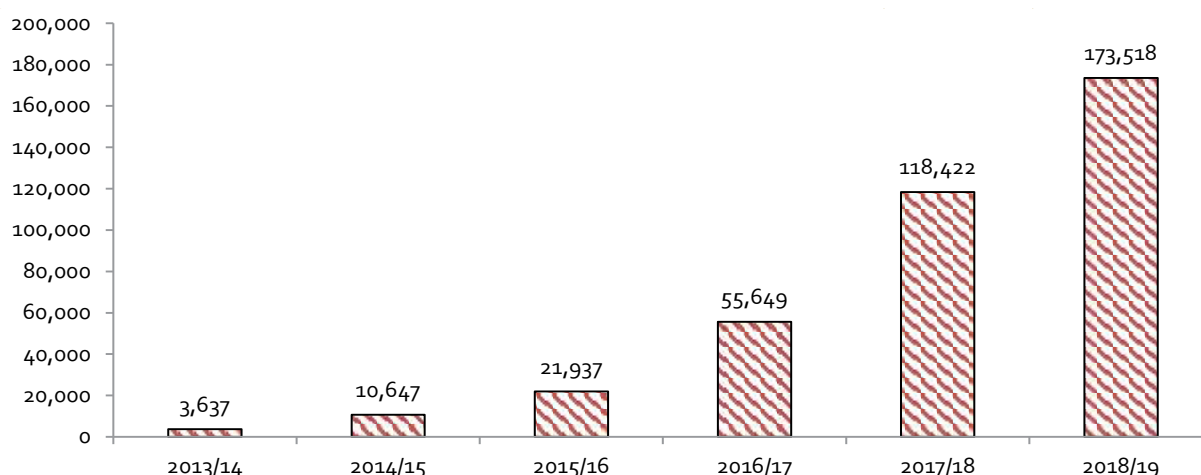
**Source:** CMA Report

### 3 Collective Investment Schemes

At the end of the financial year 2018/19, there were 5,037 investor accounts under the four Collective Investment Schemes (CIS) managers. The managers held Ugx 173.5 billion in AUM, representing an increase of 11.5% from Ugx 155.7 billion held at the close of the previous year. This could be attributed to increased awareness among local investors. The Umbrella funds registered the highest growth of 55.9% from Ugx 82.8 billion to Ugx 129 billion at the close of the review period. The growth in the umbrella funds could be attributed to their attractiveness due the high yields offered in comparison with other funds.

Over the last six years, the AUM has risen by 90.4% on an annualized basis from Ugx 3.6 billion at the end of the financial year 2013/14 to Ugx 173.5 billion at the end of 2018/19.

**Figure 3:** Trends in CIS Assets under Management, 2013/14 - 2018/19 (Ugx, Million)



**Source:** CMA Report

At the end of the financial year, UAP had the highest Assets under Management (AUM), managing 76.1% of the total AUM held by CIS managers.

**Table 5:** CIS Assets under Management by Manager

No.	CIS Manager	AUM (Ugx, Billion)	(%)
1	UAP	132	76.09
2	Stanlib	22.7	13.06
3	ICEA	13.6	7.85
4	Xeno	5.2	3
<b>Total</b>		<b>173.52</b>	<b>100</b>

**Source:** CMA Report

A breakdown of the CIS assets by fund type showed that a large portion of the assets were held in Umbrella Funds (74.4%).

**Table 6:** Assets under Management by Fund Type

Type	AUM (Ugx, Billion) – June 2019	(%)
Umbrella Fund	129	74.36
Money Market Fund	42.6	24.54
Balanced Fund	1.2	0.72
Equity Fund	0.68	0.39
<b>Total</b>	<b>173.52</b>	<b>100</b>

**Source:** CMA Report



STRATEGIC OBJECTIVE TWO:

**ENHANCE AND REGULATE AN  
ORDERLY, FAIR, AND EFFICIENT  
CAPITAL MARKETS ECOSYSTEM**

## 1. Compliance Among Market Intermediaries

- **Risk Management among Market Intermediaries:** Intermediaries are responsible for their Enterprise Risk Management Systems (ERMS). However, the Authority continuously monitors the effectiveness of the systems to determine supervisory interventions. During the year under review, CMA assessed the ERMS of all the licensed intermediaries and some of the common risk areas identified included inadequate internal controls, poor record keeping, inadequate human resources and insufficient capital. Recommendations were made to the affected intermediaries for redress and the Authority carried out follow up inspections to confirm redress.
- **Annual Inspections:** Section 20 of the Capital Markets Authority (CMA) Act Cap 84, gives CMA the power to inspect the books, accounts, documents and transactions of any approved person. The Authority conducted inspections of market intermediaries from 26 November 2018 to 01 February 2019. Out of the 2018/19 risk profiling process which targeted stock brokers, fund managers, unit trust schemes, exchanges and securities central depositories, a total of nine licensed persons were inspected. These inspections resulted into one successful investigation and an enforcement case.
- **Annual Compliance Seminar:** The Authority hosted annual compliance seminar for intermediaries on 20 June 2019, under the theme “Keeping up with Compliance Requirements in a Slow Market”. The seminar addressed emerging regulatory and compliance issues, including proposed amendments to the CMA Act. Additionally, the findings of the unit trust managers’ survey conducted by the Authority were disseminated during this seminar, which is a critical avenue through which the market raises concerns about, or gives feedback to the Authority for its action.
- **Approval of CIPLAQCIL IPO Prospectus:** On 10 August 2018, the Authority approved a prospectus for the issue of 657,179,319 ordinary shares of CIPLA Quality Chemical Industries Limited (CIPLAQCIL) at UGX 256 per share, to both institutional and retail investors through an initial public offering. The shares were admitted to the Uganda Securities Exchange’s (USE) Main Investment Market Segment on 17 September 2018. CIPLAQCIL, a pharmaceutical plant that manufactures anti-retroviral, anti-malarial and Hepatitis medicines became the ninth domestic company to be listed on the USE.
- **Harmonization of AUM Reporting Templates for Fund Managers:** During the period under review, CMA and the Uganda Retirement Benefits Regulatory Authority harmonized the Assets under Management (AUM) reporting templates for fund managers in Uganda. Through web portal access, fund managers are now able to make online submissions of their quarterly AUM positions. This has helped to reduce regulatory burden on the fund managers since they now provide one report to both regulators. The harmonization addresses with Recommendation 27 of the Capital Markets Development Master Plan which aims to eliminate duplicity among financial sector regulators to ensure efficiency and cost effectiveness.
- **Financial Analysis of Market Intermediaries:** CMA continued to monitor the net capital positions of brokers and fund managers to ensure that they all have sufficient capital. By and large, for the period ended 30 June 2019, the licensee financial positions were stable. During the period, the Authority kick-started a project to introduce the risk based capital adequacy requirements in its bid to fully roll out risk based supervision. The Authority plans to hold stakeholder consultations during the next financial year on the proposed capital adequacy requirements before they can be fully incorporated in the capital markets regulatory framework.
- **Stress Testing of Brokerage Firms:** CMA carried out a stress test to evaluate stock brokers’ capital, liquidity and risk positions in their day to day operations and their ability to withstand market shocks. The purpose of this was to enable the Authority determine brokers’ potential vulnerability (typically

in terms of their profitability, liquidity and capital adequacy); provide an indication of the amount of financial resources (including capital and liquidity) that might be necessary to absorb losses caused or withstand severe stressed conditions; have a forward looking assessment of brokerage firm's risk exposures under stressed conditions and; to enable the Authority recommend risk mitigating strategies and/ or contingency plans in such circumstances.

- **Implementation of the PFMI tools:** The Principles for Financial Market Infrastructure (PFMI) were issued in April 2012 by the Committee for Payments and Market Infrastructures (CPMI) of the Bank for International Settlements and the International Organization of Securities Commissions (IOSCO). The PFMI comprise 24 principles for observance by FMIs and five responsibilities for central banks, market regulators and other relevant authorities in their regulation of FMIs.

Financial market infrastructure is defined as a system that facilitates the clearing, settling, or recording of payments, securities, derivatives or other financial transactions. There are five major types of FMIs: payment systems, Central Securities Depositories, Securities Settlement Systems, Central Counterparties and Trade Repositories.

USE, with the help of the Authority did an IOSCO self-assessment. CMA tailor made an IOSCO self-assessment risk questionnaire that was shared with both Exchanges. USE completed the questionnaire and the Authority will undertake a regulatory assessment and inspection in order to validate the responses.

- **Implementation of the CISI Certification Programme for Market Intermediaries:** In an effort to enhance competence standards in the market, the Authority issued a regulatory notice in July 2018 requiring all market intermediaries to have in their employment at least two officers who have completed the Chartered Institute of Securities and Investment (CISI) Certification programme by January 2020, beyond which this would become a licensing condition. By the end the period under review, a number of intermediaries had embarked on compliance for this requirement. The Authority has had continuous engagement with market intermediaries through onsite visits to discuss the market certification programme so as to improve the compliance rate.

## 2. Market Inspections and Surveillance

- **Surveillance:** The Authority carried out surveillance on trading activity throughout the year. The surveillance reports are a tool that helps to protect the integrity of the capital markets from fraud, manipulation and abusive practices. Due to the surveillance efforts, the Authority has conducted several due diligence visits to confirm if trades were executed in line with the trading rules.
- **Supervisory colleges/ joint inspections:** The Market Supervision Department conducted a supervisory college /workshop on Risk based supervision (RBS) jointly with a representative from CMA Kenya. The Head of Risk and Compliance, CMA Kenya (Ms. Evelyn Mbithi) shared the Kenyan experience of how RBS has been implemented in their jurisdiction.
- **Anti-Money Laundering/ Countering Terrorism Financing:** CMA continued to play its role in the fight against money laundering and financing of terrorism activities within the capital markets space. Special attention was given to Anti Money Laundering (AML) aspects during the inspection of the various licensees including brokers, fund managers and the securities exchanges. Whereas intermediaries to a large extent are compliant, there are still a few areas which need to be addressed to ensure full compliance with the AML provisions as set out.

### 3. Investigations and Enforcement

- **Financial Sector Regulators Committee:** CMA is a member of the Financial Sector Regulators Committee, a collaborative network of financial sector regulators that was established with the aim of collaborating in the regulation, supervision and development of the financial sector. During the year the Technical sub-committee met once to prepare terms of reference for the Micro-prudential supervision; Macro-prudential analysis and stress testing and; Crisis management and preparedness working groups. A number of meetings were held by the different working groups to develop work plans for the financial year 2019/20. The Authority is represented on all the working groups as well as the technical sub-committee and the high level committee which is comprised of chief executives.
- **Police and DPP Officers' Training:** CMA organised a half day training seminar for officers of the Uganda Police Force Criminal Investigations Department (CID). Over 300 CID officers, including the Director of the Department were trained on the basics of capital markets and the various laws and offences thereunder. The objective of the training was to equip the officers with the basic knowledge to enable them detect and effectively investigate the crimes within the capital markets. The two institutions agreed to undertake a simulation exercise during the next financial year to further understanding of these offences. This training followed an earlier training of officers from the Director of Public Prosecution (DPP), who are charged with the prosecution of cases once the Police has concluded its investigations. A total of 300 officers from the DPP's office were trained.

### 4. Licensing

- **Annual Licence Renewal:** A total of 21 market intermediaries applied for license renewal during the period. New licences were issued as per the break down below:

Type of License	Number issued
Fund Manager	06
Broker	04
Unit Trust Manager	02
Unit Trust Schemes	05
Investment Adviser	07
Securities Central Depository	01
Dealer	01
Representative License	25

- **Cessation of business by Rock Financial Services Limited:** In May 2019, Rock Financial Services Limited informed the Authority of its intention to cease providing brokerage services. The Authority guided the firm on the procedure for an orderly exit from the market. Rock Financial Services was one of the broker firms operating under Altx East Africa Limited.

### 5. Capital Markets legal and regulatory framework

During the period under review, CMA embarked on the development of various regulations and amendment of existing ones to operationalise the CMA Act. Among the regulations being reviewed are the Conduct of Business Regulations, Licensing Regulations, Prospectus Regulations etc. The Authority is also gathering views about the proposed changes to the CMA Act, to ensure it aligns with the advances in technology as well as the emerging capital raising trends.



STRATEGIC OBJECTIVE THREE:

**STRENGTHENING CMA'S  
INSTITUTIONAL CAPACITY TO  
DELIVER ON IT'S MANDATE**

## **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

8<sup>th</sup> Floor, Jubilee Insurance Centre  
14 Parliament Avenue  
P. O. Box 24565  
Kampala, Uganda

## **DIRECTORS**

Ms. Jacqueline Kobusingye Opondo	- Chairperson
Mr. Saul Sseremba	- Member
Mr. Joseph Enyimu	- Member
Ms. Joselyn Kateeba	- Member
Mr. Fabian Kasi	- Member
Mr. Stephen Mulema	- Member
Ms. Irene Lugaiyizi	- Member
Mr. Nelson Nerima	- Member
Mr. David Sajjabi	- Member
Mr. Keith Kalyegira	- Chief Executive Officer

## **BANKERS**

Stanbic Bank Uganda Limited  
17 Hannington Road Crested Towers  
P. O. Box 7131  
Kampala, Uganda

Standard Chartered Bank Uganda Limited  
5 Speke Road  
P. O. Box 7111  
Kampala, Uganda

dfcu Bank Uganda Limited  
Plot 26, Kyadondo road  
P. O. Box 70  
Kampala, Uganda

Bank of Uganda  
37-47, Kampala road  
P. O. Box 7120  
Kampala, Uganda

## **AUDITORS**

Auditor General  
Office of the Auditor General  
Audit House  
Apollo Kaggwa Road  
P. O. Box 7083  
Kampala, Uganda

## **DELEGATED AUDITORS**

Ernst & Young  
Certified Public Accountants (Uganda)  
Ernst & Young House  
Plot 18, Clement Hill Road  
Shimoni Office Village  
P. O. Box 7215  
Kampala, Uganda

The directors submit their report together with the audited financial statements for the year ended 30 June 2019, which disclose the state of affairs of Capital Markets Authority ('the Authority').

**1. PRINCIPAL ACTIVITY**

The Authority was established under the Capital Markets Authority Act (Cap 84) for the purpose of promoting and facilitating the development of an orderly, fair and efficient capital markets industry in Uganda and regulating stock exchanges, brokers/dealers, investment advisors and all other persons dealing in securities business.

The Authority is mainly funded from the Government of Uganda consolidated fund as stipulated in section 8, sub-section 1 and 2 of the CMA Act (Cap 84).

**2. RESULTS**

The financial results for the year are as below:

	<b>General Fund</b>	<b>Investor Compensation Fund</b>	<b>Total</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
(Deficit) / surplus before tax	(241,113)	286,367	45,254
Withholding tax on investment income	<u>(39,499)</u>	<u>(49,600)</u>	<u>(89,099)</u>
Surplus for the year	<u><b>(280,612)</b></u>	<u><b>236,767</b></u>	<u><b>(43,845)</b></u>

Please refer to note 18 for the definition of the Investor Compensation Fund.

**3. RESERVES**

The reserves for the year are set out on page 11.

The Authority entered into an agreement with Uganda Registration Services Bureau and Uganda Investment Authority to contribute funds for the construction of office space. The reserves are marked to meet the cost of the office space as agreed in the agreement.

**4. DIRECTORS**

The directors who held office during the year and to the date of this report are as set out on page 1.

**5. AUDITORS**

In accordance with Article 163 of the Constitution of the Republic of Uganda and Sections 13 (1) (a), 17 and 23 of the National Audit Act, 2008, the financial statements of the Authority shall be audited once every year by the Auditor General. Section 23 of National Audit Act, 2008 permits the Auditor General to appoint private auditors to carry out such audit on his/her behalf. For the year ended 30 June 2019, M/S Ernst & Young, Certified Public Accountants, were appointed to act on behalf of the Auditor General.

**By order of the Board**

Signed.....

Date 31 October 2019

**DIRECTOR LEGAL AND BOARD AFFAIRS**

The Capital Markets Authority Act (Cap 84) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for that year. It also requires the directors to ensure the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

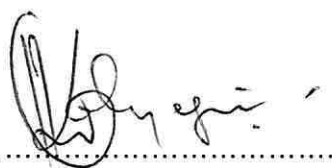
The directors are responsible for the preparation of financial statements that give a true and fair view, in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority Act (Cap 84) and the Capital Markets Authority (Amendment) Act 2016, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Capital Markets Authority Act (Cap 84) and the Capital Markets Authority (Amendment) Act 2016. The directors are of the opinion that the accompanying financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this report.

The financial statements were approved by the Board of Directors on 31 October 2019 and signed on its behalf by:

  
.....  
Director

  
.....  
Director

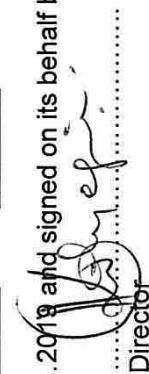
	2019	2019	2019	2018	2018	2018
Note	General Fund	Investor Compensation Fund	Total	General Fund	Investor Compensation Fund	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>Revenue</b>						
Government grants	4,968,000	-	4,968,000	5,210,038	-	5,210,038
Prospectus and floatation fees	-	-	-	22,000	-	22,000
Licensing fees income	203,027	-	203,027	218,313	-	218,313
Interest income	297,348	258,533	555,881	654,721	292,624	947,345
Other income	65,832	-	65,832	13,671	-	13,671
Commission income	133,248	19,397	152,645	202,926	28,989	231,915
	<u>5,667,455</u>	<u>277,930</u>	<u>5,945,385</u>	<u>6,321,669</u>	<u>321,613</u>	<u>6,643,282</u>
<b>Expenses</b>						
Staff costs	3,627,319	-	3,627,319	3,124,282	-	3,124,282
Administration expenses	1,119,939	413	1,120,352	929,405	476	929,881
Other operating expenses	1,178,394	-	1,178,394	1,080,482	-	1,080,482
Decrease in expected credit losses	(17,096)	(8,850)	(25,946)	-	-	-
	<u>5,908,556</u>	<u>(8,437)</u>	<u>5,900,119</u>	<u>5,134,169</u>	<u>476</u>	<u>5,134,645</u>
<b>Surplus before tax</b>	(241,101)	286,367	45,266	1,187,500	321,137	1,508,637
Withholding tax on investment income	(39,499)	(49,600)	(89,099)	(120,910)	(57,522)	(178,432)
<b>(Deficit) / surplus for the year*</b>	(280,600)	236,767	(43,833)	1,066,590	263,615	1,330,205
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<u>(280,600)</u>	<u>236,767</u>	<u>(43,833)</u>	<u>1,066,590</u>	<u>263,615</u>	<u>1,330,205</u>

\* The deficit is as a result of use of reserves for operational expenses during the year. The use of reserves was approved by the Board of Directors.

		2019	2019	2019	2018	2018	2018
	Note	General Fund Ushs'000	Investor Compensation Fund (Note 18) Ushs'000	Total Ushs'000	General Fund Ushs'000	Investor Compensation Fund (Note 18) Ushs'000	Total Ushs'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property and equipment	14	<u>170,263</u>	-	<u>170,263</u>	<u>145,826</u>	-	<u>145,826</u>
<b>Current assets</b>							
Debt instruments at amortised cost	15	-	1,437,106	1,437,106	2,545,159	1,450,270	3,995,429
Accounts receivable	17&18(b)	171,548	1,318	172,866	191,151	3,633	194,784
Fixed deposit balances	16	-	-	-	1,809,492	295,289	2,104,781
Investor Compensation Fund bank account	18(a)	-	1,055,229	1,055,229	-	426,237	426,237
Cash and bank balances	19 (a)	4,830,813	-	4,830,813	926,669	-	926,669
Broker/dealer bank account	19 (b)	<u>6,712</u>	-	<u>6,712</u>	<u>6,712</u>	-	<u>6,712</u>
<b>Total assets</b>		<u>5,009,073</u>	<u>2,493,653</u>	<u>7,502,726</u>	<u>5,479,183</u>	<u>2,175,429</u>	<u>7,654,612</u>
		<u>5,179,336</u>	<u>2,493,653</u>	<u>7,672,989</u>	<u>5,625,009</u>	<u>2,175,429</u>	<u>7,800,438</u>
<b>RESERVES AND LIABILITIES</b>							
<b>Reserves</b>							
General Fund	18(c)	4,531,682	-	4,531,682	4,982,171	-	4,982,171
Investor Compensation Fund		<u>4,531,682</u>	<u>2,493,653</u>	<u>7,025,335</u>	<u>4,982,171</u>	<u>2,175,429</u>	<u>7,157,600</u>
<b>Current liabilities</b>							
Broker/Dealer deposits	21	100,000	-	100,000	100,000	-	100,000
Financial Sector Deepening Africa grant	23	66,101	-	66,101	-	-	-
Payables & accrued expenses	22	481,553	-	481,553	542,838	-	542,838
<b>Total reserves and liabilities</b>		<u>647,654</u>	<u>2,493,653</u>	<u>7,672,989</u>	<u>642,838</u>	<u>2,175,429</u>	<u>642,838</u>
		<u>5,179,336</u>	<u>2,493,653</u>	<u>7,672,989</u>	<u>5,625,009</u>	<u>2,175,429</u>	<u>7,800,438</u>

The financial statements were approved by the Board of Directors on..... 31 October 2019 and signed on its behalf by:

  
 Director

  
 Director

**CAPITAL MARKETS AUTHORITY  
 STATEMENT OF CHANGES IN RESERVES  
 FOR THE YEAR ENDED 30 JUNE 2019**

	<b>General Fund Ushs'000</b>	<b>Investor Compensation Fund Ushs'000</b>	<b>Total Ushs'000</b>
<b>At 1 July 2017</b>	3,988,667	1,838,728	5,827,395
Total comprehensive income for the year	1,066,590	263,615	1,330,205
Transfer to Investor Compensation Fund (Note 18)	<u>(73,086)</u>	<u>73,086</u>	<u>-</u>
<b>At 30 June 2018</b>	<b><u>4,982,171</u></b>	<b><u>2,175,429</u></b>	<b><u>7,157,600</u></b>
<b>At 1 July 2018 (as previously stated)</b>	<b>4,982,171</b>	<b>2,175,429</b>	<b>7,157,600</b>
Effect of adoption of IFRS 9 (note 2(p))	<u>(63,230)</u>	<u>(25,202)</u>	<u>(88,432)</u>
<b>Restated balance</b>	<b><u>4,918,941</u></b>	<b><u>2,150,227</u></b>	<b><u>7,069,168</u></b>
Total comprehensive income for the year	(280,600)	236,767	(43,833)
Transfer to Investor Compensation Fund (Note 18)	<u>(106,659)</u>	<u>106,659</u>	<u>-</u>
<b>At 30 June 2019</b>	<b><u>4,531,682</u></b>	<b><u>2,493,653</u></b>	<b><u>7,025,335</u></b>

		<b>2019</b>	<b>2018</b>
		<b>Ushs'000</b>	<b>Ushs'000</b>
<b>OPERATING ACTIVITIES</b>			
Surplus before tax	Note	45,266	1,508,637
<b>Adjustments for:</b>			
Interest income		(555,881)	(947,345)
Depreciation	14	52,162	25,587
Expected Credit Losses		<u>(25,952)</u>	<u>-</u>
		<b>(484,405)</b>	<b>586,879</b>
Increase in receivables		3,355	44,930
Increase in payables and accrued expenses		<u>4,818</u>	<u>6,837</u>
<b>Net cash flows (used in) / generated from operating activities</b>		<b><u>(476,232)</u></b>	<b><u>638,646</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	14	(76,599)	(110,109)
Purchase of government securities and fixed deposits		(2,000,000)	(2,700,000)
Interest income received on investments		695,294	771,149
Redemption of government securities and fixed deposits		<u>6,420,000</u>	<u>2,325,000</u>
<b>Net cash flows generated from investing activities</b>		<b><u>5,038,695</u></b>	<b><u>286,040</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>4,562,463</b>	<b>924,686</b>
Cash and cash equivalents at the beginning of the year		1,359,618	434,932
Less restricted cash (note 19 (c))		(6,712)	(6,712)
<b>Cash and cash equivalents as at 30 June</b>	<b>19(c)</b>	<b><u>5,915,369</u></b>	<b><u>1,352,906</u></b>

**1. REPORTING ENTITY INFORMATION**

The Capital Markets Authority was established in Uganda under the Capital Markets Authority Act and is domiciled in Uganda.

The financial statements for the year ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors on... *31 October* ...2019.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a) Basis of preparation**

The financial statements are prepared on a historical cost basis of accounting.

**b) Currency**

The financial statements are presented in Uganda shillings, which is also the Authority's functional currency, and all values have been rounded to the nearest thousand (Ushs'000).

**c) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Capital Markets Authority Act.

**d) Revenue recognition**

***Revenue from contracts with customers for the year ended 30 June 2019***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Authority expects to be entitled in exchange for those goods or services. The Authority has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes or duty.

The following specific recognition criteria must be met before revenue is recognised:

***Interest Income***

For all interest-bearing financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) Revenue recognition (continued)

#### *Commission income*

Commission income is recognised as income in profit or loss when the right of payment has been established, which is generally at the point of each trade made on the Uganda Securities Exchange. The commission is computed in accordance with the USE Rules 2003 and is a stipulated percentage of these trades i.e. 0.14% as commission earned by the General Fund and 0.02% as commission earned by the Investor Compensation Fund.

#### *Licensing fees*

Licensing fees are recognised in profit or loss on a straight-line basis over the term of the licence. The fees charged by the Authority are in accordance with the Capital Markets Authority (Licensing) regulations. Licensing fees from broker/dealers and investment advisers are recognized over the period for which the Authority has received and approved an application for license or renewal trading fees from brokers/dealers. The fees are paid annually as is required by the regulations.

#### **Contract balances**

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Authority performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### *Trade receivables*

A receivable represents the Authority's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 2 (n) Financial instruments – initial recognition and subsequent measurement.

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer, for which the Authority has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Authority transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Authority performs under the contract.

#### **Revenue recognition for the year ended 30 June 2018**

Interest income is recognized in profit or loss on an accrual basis using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Commission income is recognized in profit or loss on an accrual basis and is computed in accordance with the Capital Markets Authority Act. It is earned on trades made on the Uganda Securities Exchange as a stipulated percentage of these trades. (0.14% as commission earned by the General Fund and 0.02% as commission earned by the Investor Compensation Fund).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) Revenue recognition (continued)

Licensing fees is recognized in profit or loss. The fees charged by the Authority are in accordance with the Capital Markets Authority (Licensing) regulations. Licensing fees from broker/dealers and investment advisers are recognized over the period for which the Authority has received and approved an application for license or renewal trading fees from brokers/dealers. The fees are paid annually as required by the regulations.

### e) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. Both the asset and the grant are recognized at nominal amount.

### f) Foreign currencies

The authority's functional currency is Uganda Shillings (Ushs). Transactions in foreign currencies are initially recorded at the functional currency at the spot exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### g) Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Property and equipment (continued)

Depreciation is calculated on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Office equipment	4 years
Furniture and fittings	5 years
Motor vehicles	5 years

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Impairment losses are recognized in profit or loss in expense categories consistent with the function of the impaired asset. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (iii) IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Authority has no investments that earn dividends, the Authority does not expect any effect on its financial statements.

### (iv) IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Authority has no current or planned borrowings, the Authority does not expect any effect on its financial statements.

Other amendments and new standards which have been issued but are not yet effective, which the Authority does not expect to have an impact on the financial statements, are listed below:

- Definition of Material – Amendments to IAS 1 and IAS 8-effective annual periods after 1 January 2020
- Definition of a Business- Amendments to IFRS 3- effective annual periods after 1 January 2020
- The Conceptual Framework for Financial Reporting-effective annual periods after 1 January 2020

	2019	2018
<b>3. GOVERNMENT GRANTS</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Ministry of Finance, Planning and Economic Development	4,768,000	4,748,731
Bank of Uganda (note 3(a))	<u>200,000</u>	<u>461,307</u>
	<b><u>4,968,000</u></b>	<b><u>5,210,038</u></b>

The Ministry of Finance funding received is to finance the government Authority (CMA) as per its annual budget approved by the Parliament of Uganda. Funds are purposely to be used in implementing activities as per the budget and those activities approved by the Board of Directors appointed by the Minister of Finance with the objective of meeting its mandate.

	2019	2018
<b>(a) Bank of Uganda grant</b>	<b>Ushs '000</b>	<b>Ushs '000</b>
Total funds received	200,000	400,000
Recognition of prior period capital grant as income	-	<u>61,307</u>
	<b><u>200,000</u></b>	<b><u>461,307</u></b>

<b>4. PROSPECTUS AND FLOATATION FEES</b>		
Prospectus application fee	<u>-</u>	<u>22,000</u>
<b>5. INTEREST INCOME</b>		
Interest income on investments	<u>297,348</u>	<u>654,721</u>
<b>6. OTHER INCOME</b>		
Other income	<u>65,832</u>	<u>13,671</u>

Other income is money received from Financial Sector Deepening Africa for market development. The grant was used to pay a consultant upon presenting a report on findings from the market research. The amounts expensed are recognised as income upon expenditure.

	2019	2018
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>7. COMMISSION INCOME</b>		
Trade commission income	<u>133,248</u>	<u>202,926</u>

Commission is earned on trades on the Uganda Securities Exchange. It is 0.14% of all trades on the Stock Exchange.

	<b>2019</b>	<b>2018</b>
<b>8. STAFF COSTS</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Salaries and wages	2,321,545	2,053,524
Staff provident fund	147,281	128,524
Staff welfare	354,644	273,025
NSSF contribution	244,435	210,058
Staff medical scheme	73,777	71,401
Insurance & Group Personal Accident	39,571	32,120
Overtime & other allowances	<u>446,066</u>	<u>355,630</u>
	<b><u>3,627,319</u></b>	<b><u>3,124,282</u></b>

	<b>2019</b>	<b>2018</b>
<b>9. ADMINISTRATION EXPENSES</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Office general expenses	194,119	142,864
Office rent	322,267	309,394
Depreciation	52,162	25,587
Legal and compliance	102,143	152,947
Motor vehicle maintenance and fuel	37,970	36,249
Telephone, fax, postage and e-mail	8,730	11,023
Subscriptions	78,419	73,752
Publication, printing and stationery expenses	23,543	19,932
Statutory audit expenses	32,766	39,695
Consultancy fees	99,173	14,030
Internal audit fees	29,444	25,600
Office repairs and maintenance	16,160	13,468
Bank charges	10,660	7,180
Advertisement and media coverage	30,428	55,094
Foreign exchange loss	<u>81,955</u>	<u>2,590</u>
	<b><u>1,119,939</u></b>	<b><u>929,405</u></b>

	<b>2019</b>	<b>2018</b>
<b>10. OTHER OPERATING EXPENSES</b>		
Regional integration and joint inspections	240,629	289,222
Capacity building*	300,512	191,150
Mass education	401,351	298,702
Directors' fees and allowances	117,450	126,500
Other board expenses	<u>118,452</u>	<u>174,908</u>
	<b><u>1,178,394</u></b>	<b><u>1,080,482</u></b>

\*Capacity building expenses mainly relate to training and development expenses for CMA staff to enable them gain more capacity and to handle their role as a regulator as well as develop their skills and knowledge and to enable them learn from more developed markets.

	<b>2019</b>	<b>2018</b>
<b>11. EXPECTED CREDIT LOSSES</b>	<b>Ushs '000</b>	<b>Ushs '000</b>
Debt instruments at amortised cost	(27,283)	-
Fixed deposits	(21,763)	-
Cash and bank balances	27,306	-
Trade receivables	<u>4,644</u>	-
	<b><u>(17,096)</u></b>	<b><u>-</u></b>

<b>12. (DEFICIT) / SURPLUS BEFORE TAX</b>		<b>2019</b>	<b>2018</b>
The (deficit) / surplus before tax is stated after charging:		<b>Ushs '000</b>	<b>Ushs '000</b>
Statutory audit fees		32,766	39,695
Depreciation		52,163	25,587
Directors' fees and allowances		<u>117,450</u>	<u>126,500</u>

**13. WITHHOLDING TAX**

Withholding tax is levied at a rate of 20% on investment income received. This amounted to Ushs 39,499 (2018: Ushs 120,910) withholding tax expense in the current year. The same rates apply for the ICF interest income and this amounted to Ushs 49,600 (2018: Ushs 57,522).

**14. PROPERTY AND EQUIPMENT**

	Office Equipment Ushs'000	Furniture & fittings Ushs'000	Motor vehicles Ushs'000	Total Ushs'000
<b>Cost</b>				
At 1 July 2017	207,946	304,719	259,170	771,835
Additions	<u>72,307</u>	<u>37,802</u>	-	<u>110,109</u>
<b>At 30 June 2018</b>	<b>280,253</b>	<b>342,521</b>	<b>259,170</b>	<b>881,944</b>
Additions	<u>67,599</u>	<u>9,000</u>	-	<u>76,599</u>
<b>At 30 June 2019</b>	<b><u>347,852</u></b>	<b><u>351,521</u></b>	<b><u>259,170</u></b>	<b><u>958,543</u></b>
<b>Accumulated depreciation</b>				
At 1 July 2017	157,003	294,358	259,170	710,531
Charge for the year	<u>20,765</u>	<u>4,822</u>	-	<u>25,587</u>
<b>At 30 June 2018</b>	<b>177,768</b>	<b>299,180</b>	<b>259,170</b>	<b>736,118</b>
Charge for the year	<u>42,997</u>	<u>9,165</u>	-	<u>52,162</u>
<b>At 30 June 2019</b>	<b><u>220,765</u></b>	<b><u>308,345</u></b>	<b><u>259,170</u></b>	<b><u>788,280</u></b>
<b>Net carrying amount</b>				
<b>At 30 June 2019</b>	<b><u>127,087</u></b>	<b><u>43,176</u></b>	<b><u>-</u></b>	<b><u>170,263</u></b>
<b>At 30 June 2018</b>	<b><u>102,485</u></b>	<b><u>43,341</u></b>	<b><u>-</u></b>	<b><u>145,826</u></b>

		<b>2019</b>	<b>2018</b>
		<b>Ushs'000</b>	<b>Ushs'000</b>
<b>15. DEBT INSTRUMENTS AT AMORTISED COST</b>			
<b>Government Securities</b>			
Maturing within three months		-	841,394
Maturing after twelve months		-	<u>1,703,765</u>
<b>Total held-to-maturity investments</b>		<b><u>-</u></b>	<b><u>2,545,159</u></b>
<b>Investor Compensation Fund – government securities</b>			
Maturing within three months		-	-
Maturing after twelve months		1,451,694	1,450,270
Less Expected Credit Losses		<u>(14,588)</u>	-
<b>Total debt instruments at amortised cost / held-to-maturity investments (Note 18(b))</b>		<b><u>1,437,106</u></b>	<b><u>1,450,270</u></b>

**15. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)**

	<b>2019</b>	<b>2018</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>Movement in expected credit losses</b>		
At start of period	-	-
Day one ECL adjustment – ICF government securities	14,582	-
Day one ECL adjustment – General Fund	27,289	-
Decrease in provision	<u>(27,283)</u>	-
<b>At 30 June</b>	<b><u>14,588</u></b>	<b><u>-</u></b>
	<b>2019</b>	<b>2018</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>16. FIXED DEPOSIT BALANCES</b>		
<b>Fixed deposits</b>		
Maturing within three months	-	<u>1,809,492</u>
<b>Total fixed deposit balances</b>	<b><u>-</u></b>	<b><u>1,809,492</u></b>
<b>Investor Compensation Fund</b>		
Maturing within three months	-	<u>295,289</u>
<b>Total fixed deposit balances (Note 17(b))</b>	<b><u>-</u></b>	<b><u>295,289</u></b>
<b>Movement in expected credit losses</b>		
At start of period	-	-
Day one ECL adjustment – ICF fixed deposits	8,890	-
Day one ECL adjustment – General Fund fixed deposits	21,763	-
Decrease in ECLs on ICF fixed deposits	(8,890)	-
Decrease in ECLs on General Fund fixed deposits	<u>(21,763)</u>	-
<b>At 30 June</b>	<b><u>-</u></b>	<b><u>-</u></b>

The weighted average effective interest rate earned on the above investments for the year ended 30 June 2018 was 13.75% (2017: 16.25%).

	<b>2019</b>	<b>2018</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>17. ACCOUNTS RECEIVABLE</b>		
Trade receivables (Note 17a)	9,988	28,249
Prepayments	160,297	162,052
Activity advance	<u>1,263</u>	<u>850</u>
	<b><u>171,548</u></b>	<b><u>191,151</u></b>
<b>(a) Trade receivables</b>		
Dealers/brokers	26,619	28,009
Sundry debtors	240	240
Less Expected Credit Loss	<u>(16,871)</u>	-
Net carrying amount	<b><u>9,988</u></b>	<b><u>28,249</u></b>

Amounts due from dealers/brokers are non-interest bearing and have a 30-day payment period. The other receivables are non-interest bearing and are due on demand. The prepayments relate to prepaid rent, insurance and subscriptions to professional bodies made during the year.

**17. ACCOUNTS RECEIVABLE (CONTINUED)**

The movement in expected credit losses is indicated below:

	2019 Ushs'000	2018 Ushs'000
At start of period	-	-
Day one ECL adjustment (General Fund)	12,227	-
Increase in provision	<u>4,644</u>	<u>-</u>
	<b><u>16,871</u></b>	<b><u>-</u></b>
	2019 Ushs'000	2018 Ushs'000
<b>18. INVESTOR COMPENSATION FUND</b>		
<b>a) Investor Compensation Fund bank balance</b>	1,055,299	426,237
Less Expected Credit Losses	<u>(70)</u>	<u>-</u>
	<b><u>1,055,229</u></b>	<b><u>426,237</u></b>
<b>b) Investor Compensation Fund</b>		
Investor Compensation Fund bank balance	1,055,229	426,237
Debt instruments at amortised cost / Held to maturity	1,437,106	1,450,270
Investments (Note 15)		
Fixed Deposits (Note 16)	-	295,289
Receivables	3,011	3,633
Less Expected Credit Losses	<u>(1,693)</u>	<u>-</u>
	<b><u>2,493,653</u></b>	<b><u>2,175,429</u></b>
<b>Movement in ECLs</b>		
At start of period	-	-
Day one adjustment	1,667	-
Increase in provision	<u>26</u>	<u>-</u>
At 30 June	<b><u>1,693</u></b>	<b><u>-</u></b>
	2019 Ushs '000	2018 Ushs '000
<b>c) Investor compensation fund account movement</b>		
At the beginning of the year	2,175,430	1,838,728
Net interest on treasury bonds and fixed deposits*	208,933	235,102
Commission income	19,397	28,989
10% of surplus from general fund	106,659	73,086
Bank charges	(414)	(476)
Day one IFRS 9 impairment	(25,202)	-
Decrease in expected credit losses	<u>8,850</u>	<u>-</u>
At 30 June	<b><u>2,493,653</u></b>	<b><u>2,175,429</u></b>

\*The interest is the amount after the deduction of withholding tax.

18. INVESTOR COMPENSATION FUND (CONTINUED)	2019 Ushs '000	2018 Ushs '000
<b>**Reconciliation of the interest on fixed income</b>		
Interest on fixed income (gross)	258,533	292,624
Withholding tax on treasury bonds at 20%	-	(50,993)
Withholding tax on fixed deposits at 15%	<u>(49,600)</u>	<u>(6,529)</u>
	<b><u>208,933</u></b>	<b><u>235,102</u></b>

**d) Expected Credit Losses**

Debt instruments at amortised cost	(8,883)	-
Cash and bank balances	7	-
Trade receivables	<u>26</u>	<u>-</u>
	<b><u>(8,850)</u></b>	<b><u>-</u></b>

As per the Capital Markets Authority, Chapter 84, Section 81(2), the Authority is mandated to make contributions from the General Fund to the Investor Compensation Fund. The Authority makes a contribution of 10% of the surplus for the prior year to the Investor Compensation Fund. The Investor Compensation Fund is set up for the purpose of granting compensation to investors who suffer pecuniary losses resulting from the failure of a licensed broker or dealer to meet his contractual obligations. It is to be operated by the Capital Markets Authority as is stipulated in the mandate of the Authority.

19. CASH AND BANK BALANCES	2019 Ushs'000	2018 Ushs'000
<b>(a) Cash and bank balances owned by CMA</b>		
Cash at bank	4,859,995	925,504
Less Expected Credit Losses	<u>(29,257)</u>	<u>-</u>
Net Cash at bank	4,830,738	925,504
Cash at hand	<u>75</u>	<u>1,165</u>
	<b><u>4,830,813</u></b>	<b><u>926,669</u></b>
<b>Movement in ECLs</b>		
At start of the year	-	-
Day one ECLs	<u>1,951</u>	<u>-</u>
Increase in Expected Credit Losses	<u>27,306</u>	<u>-</u>
At 30 June	<b><u>29,257</u></b>	<b><u>-</u></b>
<b>(b) Bank balances held on behalf of investors</b>		
Investor compensation fund bank balance (Note 18(a))	1,055,229	426,237
Broker/dealer bank balance	<u>6,712</u>	<u>6,712</u>
	<b><u>1,061,941</u></b>	<b><u>432,949</u></b>
Cash and cash equivalents	<b><u>5,892,754</u></b>	<b><u>1,359,618</u></b>

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks net of bank overdrafts. The cash and cash equivalents at 30 June comprise the following:

**19. CASH AND BANK BALANCES (CONTINUED)**

	2019 Ushs'000	2018 Ushs'000
(c) Cash and cash equivalents		
Cash at bank and in hand belonging to the entity	4,860,070	926,669
Investor compensation fund bank account	1,055,299	426,237
	<b><u>5,915,369</u></b>	<b><u>1,352,906</u></b>

The deposits on the broker/dealer bank account are not available to finance the Authority's day-to-day operations, and, therefore, are not part of cash and cash equivalents for the purpose of the statement of cash flows.

**20. CAPITAL GRANT**

	2019 Ushs '000	2018 Ushs '000
At 1 July	-	61,307
Recognition of prior period capital grant as income	<u>-</u>	<u>(61,307)</u>
At 30 June	<u>-</u>	<u>-</u>

**21. BROKER/DEALER DEPOSITS**

Broker/dealer deposits	<b><u>100,000</u></b>	<b><u>100,000</u></b>
------------------------	-----------------------	-----------------------

Broker/dealer deposits relate to deposits received from licensees as stipulated by the licensing regulations at the time of commencing business and are refundable upon exit.

	2019 Ushs'000	2018 Ushs'000
<b>22. PAYABLES AND ACCRUED EXPENSES</b>		
Creditors	250,808	305,272
Other payables	210,745	217,566
Credit card payable	<u>20,000</u>	<u>20,000</u>
	<b><u>481,553</u></b>	<b><u>542,838</u></b>

The amounts payable do not attract any interest and are ordinarily settled within 30 days.

**23. FINANCIAL SECTOR DEEPENING AFRICA (FSDA) GRANT**

	2019 Ushs'000	2018 Ushs'000
At start of the year	-	-
Amount received	131,933	-
Utilised during the year (note 6)	<u>(65,832)</u>	<u>-</u>
At 30 June	<b><u>66,101</u></b>	<b><u>-</u></b>

The grant relates to amounts given to Financial Sector Deepening Uganda to assist in Market Research. The grant is used to pay the consultant hired to assist in Market research.

**24. RELATED PARTIES**

**Transactions and balances with related parties**

The following were the transactions carried out with related parties and the balances as at 30 June:

**a) List of related parties**

**(i) Government of Uganda**

The Bank of Uganda provides an annual contribution to the Authority so that it can meet its mandate. In addition, the Authority also purchases Government Securities for which Bank of Uganda is the custodian. The annual contribution made during the year was of Ushs 200 million. In addition, the Bank of Uganda has a sitting representative on the Authority's Board of Directors.

**(ii) Ministry of Finance Planning and Economic Development**

Ministry of Finance, Planning and Economic Development provides the biggest annual contribution to the Authority so that it can meet its mandate. In addition, the Authority reports to the Minister on quarterly performance. The Minister of Finance, Planning and Economic Development appoints the Authority's Board of Directors. The money received from the Ministry during the year is shown below.

**(iii) Directors**

The Board of Directors provides direction to the Authority so that it can meet its mandate. The board's emoluments have been detailed below:

	<b>2019</b>	<b>2018</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>Amounts due from related parties</b>		
Bank of Uganda – Held-to-maturity investments	<u>          -</u>	<u>2,545,159</u>
<b>Transactions with related parties</b>		
<b>Bank of Uganda</b>		
Grant received	<u>200,000</u>	<u>400,000</u>
<b>Ministry of Finance Planning and Economic Development</b>		
Grant received	<u>4,768,000</u>	<u>4,748,731</u>
Interest income on government securities	<u>112,334</u>	<u>454,141</u>
<b>Compensation for key management personnel and directors' emoluments</b>		
	<b>2019</b>	<b>2018</b>
	<b>Ushs '000</b>	<b>Ushs '000</b>
Directors' fees and allowances	<u>117,450</u>	<u>126,500</u>
Key management's gratuity	<u>345,186</u>	<u>303,066</u>
Key management's salaries	<u>730,914</u>	<u>605,100</u>
Staff provident fund	<u>147,281</u>	<u>273,025</u>

The transactions with related parties related to investments in government bonds, grant received from Bank of Uganda, and board members' remuneration.

**RELATED PARTIES (CONTINUED)**

	<b>2019</b>	<b>2018</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>Investments in government securities</b>		
General Fund	<u>-</u>	<u>2,545,159</u>
Investor Compensation Fund	<u>1,437,106</u>	<u>1,450,270</u>

## 25. FINANCIAL RISK MANAGEMENT

Set out below, is an overview of financial assets and financial liabilities held by the Authority as at 30 June:

	Note	2019 Ushs'000	2018 Ushs'000
<b>FINANCIAL ASSETS</b>			
<b>Financial assets at amortised cost</b>			
Debt instruments at amortised cost	15	1,437,107	3,995,429
Accounts receivable	17	11,251	29,099
ICF receivables	18(b)	3,011	3,633
Fixed deposit balances	16	-	2,104,781
Investor Compensation Fund bank account	18(a)	1,055,229	426,237
Cash and bank balances	19 (a)	4,830,813	926,669
Broker/dealer bank account	19 (b)	<u>6,712</u>	<u>6,712</u>
<b>Total financial assets</b>		<b><u>7,344,123</u></b>	<b><u>7,492,560</u></b>
<b>FINANCIAL LIABILITIES</b>			
<b>Financial liabilities at amortised cost</b>			
Broker/Dealer deposits	21	100,000	100,000
Payables & accrued expenses	22	<u>481,553</u>	<u>542,838</u>
<b>Total financial liabilities</b>		<b><u>581,553</u></b>	<b><u>642,838</u></b>

The Authority has exposure to the following risks from its financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The Authority's business activities include the promotion and facilitation of the development of an orderly, fair and efficient capital markets industry in Uganda. Management endeavors at all times to minimise risks. Management has put in place policies in all its functions as a control against risk exposure.

The Authority generates some of its revenues by investing in various income generating activities which include investing in Government securities. These activities expose the Authority to a variety of financial risks, including credit risk, liquidity risk and market risks. The Authority's overall risk management programme focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the Board. Management reviews the market trends and information available to evaluate the potential exposures and then develops strategies to mitigate against market risks.

Management provides written principles for overall risk management, as well as written policies covering specific areas such as foreign currency risk, interest rate risk, credit risk and investing excess liquidity.

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Authority's risks are managed as follows:

### a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from accounts receivable, bank balances, fixed deposit balances and debt instruments at amortised cost / held-to-maturity investments. The Authority faces a risk of loss of funds in case of bank failure since fixed deposits are not secured. As part of the credit risk management system, management monitors the status of financial institutions where deposits are maintained and invests in more than one bank and for shorter periods as a risk diversification strategy. The amount that best represents the Authority's maximum exposure to credit risk as at 30 June is made up of the following:

	<b>2019</b>	<b>2018</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
Debt instruments at amortised cost	1,437,107	3,995,429
Fixed deposit balances	-	2,104,781
Bank balances	5,892,679	1,358,453
ICF receivables	3,011	3,633
Accounts receivables	<u>11,251</u>	<u>29,099</u>
	<b><u>7,344,048</u></b>	<b><u>7,451,395</u></b>

No collateral is held for any of the above financial assets. There were no financial assets that were past due as at the end of the reporting period but not impaired.

Set out below is the information about the credit risk exposure on the debt instruments at amortised cost, fixed deposit balances, bank balances and accounts receivable as at 30 June:

<b>2019</b>	<b>Note</b>	<b>Gross amount</b>	<b>ECL</b>	<b>Carrying amount</b>
		<b>Ushs 000</b>	<b>Ushs 000</b>	<b>Ushs 000</b>
Debt instruments at amortised cost	15	1,451,695	(14,588)	1,437,107
Bank balances	18	5,922,011	(29,257)	5,892,754
Accounts receivable	17	28,122	(16,871)	11,251
ICF receivables	18(b)	<u>3,011</u>	<u>(1,693)</u>	<u>1,318</u>
		<b><u>7,404,839</u></b>	<b><u>(62,409)</u></b>	<b><u>7,331,179</u></b>

For 2018, there was no allowance for impairment for any of the above financial assets.

### Accounts receivable

An impairment analysis is performed at each reporting date using a single loss rate approach to measure expected credit losses. Under the loss rate approach, the Authority develops loss-rate statistics on the basis of the amounts collected over the life of the financial assets rather than using separate probability of default and loss given default statistics. The Authority then adjusts these historical credit loss trends for current conditions and expectations about the future. The loss rates are based on individual customers. The calculation reflects a simple average of all loss rates per period, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Authority uses an overlay of measuring and forecasting the level of defaults. Generally, accounts receivable are written-off if past due for more than one year and are not subject to enforcement activity. The Authority does not hold collateral as security.

**25. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a) Credit risk (continued)**

The maximum exposure to credit risk at the reporting date is the carrying amounts of the financial assets as disclosed above.

The Authority's receivables are all in one customer segment – brokers, and the average loss rate determined for the year ended 30 June 2019 was 78%. For 2018, the allowance for impairment of trade receivables was under the incurred loss model and there was no impairment provision recognised.

**b) Liquidity risk**

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and market securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Authority monitors its risk of shortage of funds using budget analysis. This involves analyzing maturities of both its financial assets and liabilities. The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of investments and cash collections from share trading operations on the Uganda Securities Exchange.

The table below analyses financial assets and financial liabilities into relevant maturity groupings based on the remaining period as at 30 June 2019 to the contractual maturity date.

	0-3 months Ushs'000	4-6 Months Ushs'000	7-12 months Ushs'000	>12 month Ushs'000	Total Ushs'000
<b>At 30 June 2019</b>					
<b>Financial assets</b>					
Cash & bank balances	5,892,754	-	-	-	5,892,754
Debt securities at amortised cost		-	-	2,645,791	2,645,791
ICF receivables	<u>1,318</u>	-	-	-	<u>1,318</u>
Receivables	<u>11,251</u>	-	-	-	<u>11,251</u>
<b>Total</b>	<b><u>5,905,323</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,645,791</u></b>	<b><u>8,551,114</u></b>
<b>Financial liabilities</b>					
Payables and accrued expenses	481,553	-	-	-	481,553
Broker and dealer deposits	<u>100,000</u>	-	-	-	<u>100,000</u>
<b>Total</b>	<b><u>581,553</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>581,553</u></b>
<b>Net liquidity gap</b>	<b><u>5,323,770</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,645,791</u></b>	<b><u>7,969,561</u></b>

**25. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Liquidity risk (continued)**

	0-3 months Ushs'000	4-6 months Ushs'000	7-12 months Ushs'000	>12 months Ushs'000	Total Ushs'000
<b>At 30 June 2018</b>					
<b>Financial assets</b>					
Cash & bank balances	1,359,618	-	-	-	1,359,618
Held-to-maturity investments	841,394	-	-	3,154,035	3,995,429
Fixed deposit balances	2,104,781	-	-	-	2,104,781
ICF receivables	<u>3,633</u>	-	-	-	<u>3,633</u>
Accounts Receivable	<u>29,099</u>	-	-	-	<u>29,099</u>
<b>Total</b>	<b><u>4,338,525</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,154,035</u></b>	<b><u>7,492,560</u></b>

**At 30 June 2018**

**Financial liabilities**

Payables and accrued expenses	542,838	-	-	-	542,838
Broker and dealer deposits*	<u>100,000</u>	-	-	-	<u>100,000</u>
<b>Total</b>	<b><u>642,838</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>642,838</u></b>
<b>Net liquidity gap</b>	<b><u>3,695,687</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,154,035</u></b>	<b><u>6,849,722</u></b>

**(c) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within the acceptable parameters, while optimising the return on investment.

**Management of market risks**

Market risk arises from a decrease in the market value of a portfolio of financial instruments caused by adverse movements in the market variables such as currency exchange rates and interest rates.

The Board is mandated with management of market risk and it exercises this mandate through approval of investment decisions undertaken.

**Foreign currency risk**

Foreign currency risk is the risk that fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Authority undertakes certain transactions denominated in foreign currencies and is, therefore, exposed to exchange rate fluctuations. The Authority minimises the impact of foreign exchange rate fluctuations through negotiation of foreign exchange rates. In addition, the Authority opened a dollar account to handle foreign exchange transactions as well as

**25. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk (continued)**

holding accounts in banks where the exchange rates are favorable. The carrying amounts of the Authority's USD denominated financial instruments at the end of the reporting period are as follows:

	Ushs '000
<b>As at 30 June 2019</b>	
<b>Financial assets</b>	
Bank balances	<u>2,557,561</u>
<b>Total assets</b>	<u><b>2,557,561</b></u>
<b>As at 30 June 2018</b>	
<b>Financial assets</b>	
Bank balances	<u>153</u>
<b>Total assets</b>	<u><b>153</b></u>

The Authority had the above exposure at 30 June on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis below shows the effect of a reasonably possible movement of the currency rate against the Uganda Shilling, with all other variables held constant, on the statement of financial position (due to the fair value of currency sensitive non-trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in the surplus for the year and equity, while a positive amount reflects a net potential increase. An equivalent decrease in the currency against the Uganda Shilling would have resulted in an equivalent but opposite impact.

Currency	Change in currency rate in %	Effect on surplus before tax	Change in currency rate in %	Effect on surplus before tax
	2019	2019	2018	2018
		Ushs '000		Ushs '000
USD	+/-5%	+/- 127,878	+/-5%	+/- 8

The foreign exchange rates applied for the year were as follows:

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
	Ushs	Ushs	Ushs	Ushs
USD	3,745	3,671	3,695	3,880

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to the risk of changes in market interest rate would arise from general increase in interest rates since the Authority invests mainly in fixed deposits and government securities. The risk would be lost opportunities to invest funds at higher rates. The Authority does not have any interest-bearing liabilities.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

The table below summarizes the exposure to interest rate risk. Included in the table are the Authority's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing dates and the maturity dates.

	0-3 months	4-6 months	7-12 months	>12 months	Non-interest bearing	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>At 30 June 2019</b>						
<b>Financial assets</b>						
Cash & bank balances	-	-	-	-	5,892,754	5,892,754
Debt securities at amortised cost	-	-	-	1,437,106	-	1,437,107
ICF receivables	-	-	-	-	1,318	1,318
Accounts Receivable	-	-	-	-	11,251	11,251
<b>Total</b>	-	-	-	<b>1,437,106</b>	<b>5,905,323</b>	<b>7,342,430</b>
<b>Financial liabilities</b>						
Payables and accrued expenses	-	-	-	-	481,553	481,553
Broker and dealer deposits	-	-	-	-	100,000	100,000
<b>Total</b>	-	-	-	-	<b>581,553</b>	<b>581,553</b>
<b>Net interest rate risk exposure</b>	-	-	-	<b>1,437,106</b>	<b>5,323,770</b>	<b>6,760,877</b>

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

	0-3 months	4-6 months	7-12 months	>12 months	Non-interest bearing	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>At 30 June 2018</b>						
<b>Financial assets</b>						
Cash & bank balances	-	-	-	-	1,359,618	1,359,618
Held-to-maturity investments	841,394	-	-	3,154,035	-	3,995,429
Fixed deposit balances	2,104,781	-	-	-	-	2,104,781
ICF receivables	3,633	-	-	-	-	3,633
Accounts Receivable	-	-	-	-	29,099	29,099
<b>Total</b>	<b>2,949,808</b>	-	-	<b>3,154,035</b>	<b>1,388,717</b>	<b>7,492,560</b>
<b>Financial liabilities</b>						
Payables and accrued expenses	-	-	-	-	542,838	542,838
Broker and dealer deposits	-	-	-	-	100,000	100,000
<b>Total</b>	-	-	-	-	<b>642,838</b>	<b>642,838</b>
<b>Net interest rate risk exposure</b>	<b>2,949,808</b>	-	-	<b>3,154,035</b>	<b>745,879</b>	<b>6,849,722</b>

## 26. FAIR VALUE MEASUREMENTS

The fair values of financial assets and liabilities together with their carrying amounts included in the statement of financial position are shown below:

Financial categories	instrument	30 June 2019		30 June 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		Ushs '000	Ushs '000	Ushs '000	Ushs '000
<b>Assets</b>					
<b>Amortised cost</b>					
Debt instruments	at amortised cost	<u>1,437,106</u>	<u>1,547,449</u>	<u>3,995,429</u>	<u>4,118,694</u>
		<b><u>1,437,106</u></b>	<b><u>1,547,449</u></b>	<b><u>3,995,429</u></b>	<b><u>4,118,694</u></b>

The fair value of the other debt instruments at amortised cost/loans & receivables and financial liabilities at amortised cost approximates the carrying amount; this is due to their short-term nature in the period.

### Fair value hierarchy

At 30 June 2019	Level 1	Level 2	Level 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>Assets not measured at fair value for which fair values have been disclosed</b>				
Debt instruments at amortised cost	<u>1,547,449</u>	== -	== -	<u>1,547,449</u>
<b>At 30 June 2018</b>				
	Level 1	Level 2	Level 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>Assets not measured at fair value for which fair values have been disclosed</b>				
Held-to-maturity investments	<u>4,118,694</u>	== -	== -	<u>4,118,694</u>

The fair values of the government securities, which are classified as debt instruments at amortised cost, are based on their market prices on the reporting date.

## 27. EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting date (2018: None)

## 28. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2019 (2018: Nil).

## 29. COMMITMENTS

### Capital Commitments

The Authority entered into an agreement with Uganda Registration Services Bureau and Uganda Investment Authority for the construction of a one stop investment centre office building whose expected completion date is 15<sup>th</sup> July 2019. The Authority is expected to make a contribution of USD 700,000 (Ushs 2,561,727,000) to the final payment upon the completion and hand-over of the office building.

### Rental payments

The current lease contract is for the renting of the office space currently being occupied by the Authority. This is being rented by Jubilee Investment Company limited and the current contract runs till 30 September 2019. The future minimum lease payments under this contract amount to Ushs 81 million. The Authority has the option to renew the contract as is stipulated in the terms of the contract. There are no restrictions imposed by the lease arrangement and it currently has no purchase options.

There are no future minimum sublease payments and contingent rental terms

## LIST OF LICENSED PERSONS

LICENSED FIRM	LICENSE HELD	ADDRESS	CONTACT PERSON
African Alliance Uganda Ltd	Investment Adviser	1 <sup>st</sup> Floor Workers House 1 Pilkington Road Kampala (U) <b>t:</b> 0417-777700/1 <b>f:</b> 0414-235575 <b>e:</b> info@africanalliance.co.ug	
Altx East Africa Limited	Stock Exchange	Plot 1, Mackenzie Close Kololo P.O. Box 40197, Kampala (U) <b>t:</b> 0312-209600 <b>e:</b> info@altxafrica.com	Mr. Joseph Kitamirike
Baraka Capital (U) Ltd	Investment Adviser	Najeera 1, Busibanti Road, Muwamu Close P.O. Box 36307 Kampala (U) <b>t:</b> 0392-176927 <b>e:</b> info@barakacapital.com	Mr. Davis Gathaara
Baroda Capital Markets Uganda Ltd	Stock Broker	Plot 18 Kampala Road P.O. Box 7197, Kampala (U) <b>t:</b> 0414-233680/3 <b>f:</b> 0414-258263 <b>e:</b> bcm.ug@bankofbaroda.com	Mr. Mohan Prashantam
BIK Capital Limited	Stock Broker	1 <sup>st</sup> Floor, Media Plaza, Plot 78, Kira Road <b>t:</b> 0774-997424 <b>e:</b> jofbakka@gmail.com	Mr. Joseph Bakkabulindi
Blue Solitaire Investments Limited	Investment Adviser	203-Kirabo Complex. Bukoto-Kisasi Road P.O. Box 1534, Kampala (U) <b>t:</b> 0752-711660 <b>e:</b> jatin@blue-solitaire.com	Mr. Jatin B. K. Ghughu
Britam Asset Managers Company (Uganda) Limited	Fund Manager, Unit Trust Manager, Equity Fund Unit Trust Scheme, Money Market Unit Trust Scheme & Umbrella Unit Trust Scheme	Course View Towers, 1 <sup>st</sup> Floor Yusuf Lule Road P.O. Box 36583 Kampala (U) <b>t:</b> 0417-702600, 0312-305600 <b>e:</b> info@britam.com	Mr. Ronald Kasolo
Citadel Capital (Uganda) Limited	Fund Manager	2 <sup>nd</sup> Floor Regency Plaza, P.O. Box 22934, Kampala (U) <b>t:</b> 0793-373737 <b>e:</b> info@citadelcapital.co.ug	Mr. Albert Richards Otete
Crested Capital	Stock Broker, Dealer & Investment Adviser	1 <sup>st</sup> Floor Impala House Plot 13/15 Kimathi Avenue P.O. Box 31736, Kampala (U) <b>t:</b> 0414-230900 <b>f:</b> 0414-230612 <b>e:</b> info@crestedcapital.com	Mr. Robert Baldwin

Dyer and Blair Uganda Limited	Stock Broker	Ground Floor, Rwenzori House P.O. Box 36620, Kampala (U) <b>t:</b> 0414-233050 <b>f:</b> 0414-231813 <b>e:</b> uganda@dyerandblair.com	Ms. Esther Kakiiza
Equity Stock Brokers Uganda Ltd	Stock Broker	Orient Plaza, Plot 6/6A Kampala Road P.O. Box 3072, Kampala (U) <b>t:</b> 0414-236012/3/4/5 <b>f:</b> 0414-348039 <b>e:</b> equity@orient-bank.com	Ms. Christine Nkundizana Muramuzi
GenAfrica Asset Managers Ltd	Fund Manager	6 <sup>th</sup> Floor, Aha Towers Plot 7, Lourdel Road, Nakasero P.O. Box 75200, Kampala (U) <b>t:</b> 0414-252343/ 50 <b>f:</b> 0414-253344 <b>e:</b> uganda@genafrika.com	Mr. George Mulindwa
ICEA Asset Management (U) Ltd	Fund Manager, Unit Trust Manager, Balanced fund Unit Trust Scheme & Money Market Fund Unit Trust Scheme	2 <sup>nd</sup> Floor, Rwenzori Courts P.O. Box 33953, Kampala (U) <b>t:</b> 0414-347535, 0414-232337 <b>e:</b> icea@africaonline.co.ug	Mr. Emmanuel Mwaka
PCP Uganda Limited	Fund Manager	Plot M697, Equata Building 2 <sup>nd</sup> Floor UMA Show Grounds, Lugogo P.O. Box 15373, Kampala (U) <b>t:</b> 0312-264983/4 <b>f:</b> 0312-264985 <b>e:</b> info@pearlcapital.net	Mr. Edward Isingoma Matsiko
PKF Consulting Limited	Investment Adviser	Plot 1B Kira Road, Kalamu House P.O. Box 24544, Kampala (U) <b>t:</b> 0414-341523/5 <b>f:</b> 0414-251370, 0414-341371 <b>e:</b> pkfkam@ug.pkfea.com	Mr. Charles Oguttu
Price Waterhouse Coopers Ltd	Investment Adviser	10 <sup>th</sup> Floor Communications House 1 Colville Street Kampala (U) <b>t:</b> 0414-236018, 041-233743 <b>f:</b> 0414-239153 <b>e:</b> general@ug.pwc.com	Mr. Francis Kamulegeya
Regency Wealth Management Uganda Limited	Investment Adviser	5 <sup>th</sup> Floor, Shumuk House, Office SH9, Kampala (U) <b>t:</b> 0312-314316, 0791-224611 <b>e:</b> matthew@regency-wealth.com	Mr. Matthew Turner

Sanlam Investments East Africa Limited	Fund Manager	1 Pilkington Road, 7 <sup>th</sup> Floor Workers House P.O. Box 9831, Kampala (U) <b>t:</b> 0414 -340707/8, 0312-265618 <b>f:</b> 0414 -340750 <b>e:</b> Dennis.Mugalya@pinebridge.com	Mr. Dennis Mugalya
SBG Securities	Stock Broker	4 <sup>th</sup> Floor, Crested Towers (Short) 17 Hannington Road P.O. Box 7131, Kampala (U) <b>t:</b> 0312-224600, 0312-224985 <b>e:</b> cos_uganda@mail.standard-bank.com	Mr. Kenneth Kitungulu
Standard Chartered Bank Uganda Ltd	Trustee (Collective Investment Schemes), Investment Adviser	Plot 5, Speke Road P.O. Box 7111, Kampala (U) <b>t:</b> 0312-294459, 0414-340077 <b>f:</b> 0414-231473 <b>e:</b> ug.service@sc.com	Ms. Cecilia Namuddu
Stanlib Uganda Limited	Fund Manager, Unit Trust Manager, Money Market Fund Unit Trust Scheme, Fixed Income Fund Unit Trust Scheme	Building 9, Suite 6B Plot 9, Yusuf Lule Road P.O. Box 7131, Kampala (U) <b>t:</b> 0312-335007/6 <b>f:</b> 0414-254697 <b>e:</b> investorinfo2@stanbic.com	Mr. Owen Kato
UAP Financial Services Ltd	Stock Broker, Dealer, Fund Manager, Investment Adviser, Unit Trust Manager, Balanced Fund Unit Trust Scheme, Money Market Fund Unit Trust Scheme & Umbrella Fund Unit Trust Scheme	6 <sup>th</sup> Floor, UAP Nakawa Business Park, (1 <sup>st</sup> Tower) Plot 3-5 New Port Bell Road P.O. Box 1610, Kampala (U) <b>t:</b> 0414-332824 <b>e:</b> financialservices@uap.co.ug, info@uap.co.ug	Mr. Simon Mwebaze
Uganda Securities Exchange (USE)	Stock Exchange & Securities Central Depository	4 <sup>th</sup> Floor, Block A, North Wing, Plot 3-5, UAP Nakawa Business Park P.O. Box 23552, Kampala, (U) <b>t:</b> 0312-370815, 0312-370817, 0312-370818, <b>e:</b> info@use.or.ug	Mr. Paul Bwiso
XENO Investments Management Uganda Limited	Fund Manager	6 <sup>th</sup> Floor, Workers House 1 Pilkington Road P.O. Box 2237, Kampala (U) <b>t:</b> 0392-177488, 0772-842100	Mr. Aeko Ongodia



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Capital Markets Authority  
8 Floor, Jubilee Insurance Centre  
14, Parliament Avenue  
P.O. Box 24565, Kampala, Uganda  
T: +256 - 414 - 342788/91  
+256 - 312 - 264950/1  
F: +256 - 414 - 342803  
E: [info@cmauganda.co.ug](mailto:info@cmauganda.co.ug)  
W: [www.cmauganda.co.ug](http://www.cmauganda.co.ug)

